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ECONOMIC REVIEW

This is a two-monthly review.
The first issue, published in January 1959, presented a full-length survey of the economic situation, which will be repeated annually. This and other numbers contain a shorter general survey, followed by special articles on topical economic problems and studies of underlying economic trends.

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SUMMARY

The economic situation : in Britain

Taking into account the effect of the Budget, we estimate that, by the end of the year, industrial production may be 4 to 5 per cent higher than at the end of 1958.

The main uncertainty is the trend of *consumer spending*. It rose at the end of last year, as a result of increased consumer borrowing ; but it was no higher in the first quarter of 1959. At present, following the Budget, it is probably rising again ; but if towards the end of the year the rate of increase in consumer borrowing should slow down appreciably, this could offset a large part of the Budget stimulus. By then, however, real incomes may be rising because of wage increases, rising investment, and higher exports ; on balance, it seems probable that consumer spending will still be going up at the end of the year.

The effect of the Budget on *investment* is likely to be gradual. By the end of the year, partly because of the rise in public investment, it may in total be at least 5 per cent higher than at the end of 1958. *Exports* to western Europe and North America are rising and should continue to do so ; those to primary producers are unlikely to pick up before the end of the year. *Stocks* were already rising in the second half of last year ; further changes here should not much alter the general picture.

The size of the Budget deficit (which, however, may be smaller than estimated) may lead the Government to ease credit ; but the effect of this on demand will be small, compared with the effect of the Budget itself.

The economic situation : world recovery

There is now evidence of a more widespread expansion in the western world ; the United States recovery has gathered further strength, and there are significant signs of an upturn in western Europe, certainly in Germany and possibly in France. Raw material prices have risen, and—with rises in wool, rubber and copper—the overseas sterling area in particular stands to gain ; falls in food and fuel import prices have so far kept Britain's import prices down.

Though Britain's current balance of payments surplus will undoubtedly be smaller in 1959, the whole sterling area's current deficit with the non-sterling world may not change much. Britain's current balance with non-sterling countries is likely to worsen only a little, and the overseas sterling area's current balance should improve. Last year the sterling area's current deficit with the non-sterling world was more than covered by the inflow of capital from non-sterling countries ; the continuation of much of this inflow is assured by existing commitments. Even if recovery should at first lead to some temporary worsening of the sterling area's balance on current and capital account, the reserves should now be sufficient to withstand it.

Price stability and the policy of deflation

During the last three years policy was to restrain home demand partly in order to check the rise in prices. This policy had several results whose effects on prices partly cancelled out. Wage rates rose more slowly ; but after allowance for overtime, there has not been much change in the tendency for earnings to rise faster than wage rates. Deflation also slowed down the rise in productivity—particularly during 1956, less so later. Profit margins were reduced a little, though not until 1958. On balance, it seems that the rise in home costs was slowed down to some extent. But the main reason for the greater stability in prices during 1958 was the fall in import prices at the end of 1957.

This year any rise in prices should be small. Productivity should recover, while the pressure of demand should remain moderate. A 3 per cent rise in wage rates—implying probably a $3\frac{1}{2}$ to 4 per cent rise in earnings—would be greater than the expected increase in output per man. But the rise in wage rates is likely to come late in the year, and in the meantime, labour costs per unit may fall ; the first effect is likely to be a recovery in profits. The Budget reductions in beer duty and purchase tax will be a moderating influence.

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THE ECONOMIC SITUATION

EXPANSION IN BRITAIN

The Budget has introduced substantial tax reductions. The main question to examine is how much these reductions will stimulate expansion.

Apart from the Budget, the situation has hardly changed in recent months; the assessment of the likely trends in the absence of budget concessions, given in our last issue, still remains generally valid. Industrial production, after recovering a little at the end of last year, remained almost stable in the early months of 1959; if taxes had not been reduced, it would have been likely to rise only slowly in the rest of the year. The increase in consumers' expenditure, which was the main cause of the recovery after the autumn, would probably have died down; fixed investment was expected to rise slightly as a result of increases in public investment and in private housing; exports were not expected to rise much until late in the year and then only if the forces of expansion abroad had gathered some momentum. The only amendment required to this assessment, apart from the impact of the budget concessions, is that the forces of expansion abroad now look somewhat stronger (see page 9).

The effects of the Budget

The main impact of the Budget will fall upon consumers' expenditure, the increase in which came virtually to a halt in the first quarter of the year. Whereas in the fourth quarter of 1958 consumers' real expenditure on durable goods rose by 13 per cent, seasonally adjusted, and expenditure on other goods and services rose by 3 per cent, in the first quarter of 1959 spending on durables rose by 1 per cent, seasonally adjusted, an increase which, according to preliminary estimates, was offset by a 2 per cent fall in spending on other goods and services. A rise in sales of cars accounts for the rise in sales of durables ; both sales of radio and electrical goods rose a little and sales of furniture fell a little.

The rate of increase in consumer borrowing slowed down slightly. Personal and professional advances from the banks rose by about the same amount (£50 million) from November to February as they did from August to November; but hire purchase debt rose by only £70 million in the first quarter of this year, compared with £90 million in the last quarter of 1958. The slower rise in sales of durables and in consumer debt may have been partly caused by consumers postponing purchases in the expectation of reductions in purchase tax.

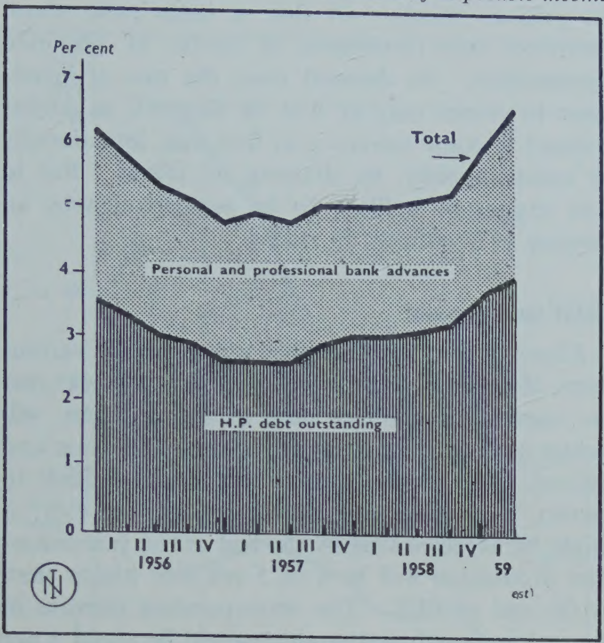
The reductions in income tax, purchase tax and beer duty introduced in the Budget are estimated to reduce tax revenue by over £350 million in a full year. Of this amount, about £60 million will accrue to companies in respect of lower income tax on undistributed profits; so will some further sum in respect of the reductions in purchase tax on commercial vehicles and cars bought by companies. Only part of the companies' gain is likely to be passed on in the form of increased dividends. In total, therefore, the impact on consumers' incomes may be an increase of something over £300 million a year. This will be felt virtually at its full rate by June, when the P.A.Y.E. income tax reductions come into effect. As was argued in our last number, the consequent cumulative stimulus to consumption, which may take some time to develop, is unlikely to be much greater than this. The extra payments of post-war credits, which are to be made during the summer, will raise consumers' incomes by a further £70 million. But, unlike the tax reductions, which leave people with more money on every pay-day, this will be a once-for-all stimulus, the effects of which will die away.

The main question is how far the effect of the tax reductions will be counteracted by the waning of the hire purchase boom. The growth of consumer debt, having slowed down a little in the first quarter, may accelerate again now: consumers who refrained from buying durables before the Budget will be coming forward again, and, more generally, consumers may use part of the extra income resulting from the Budget for increased hire purchase of durable goods. Reports of trade since the Budget suggest that demand, especially for cars, has begun to rise faster again. Nevertheless the growth of consumer debt is bound to slow down sooner or later as consumers reach the limit of indebtedness which they regard as consistent with their incomes. That will tend to damp down the growth of consumers' expenditure very substantially. In the six months ending in March, 1959, consumer debt was growing at a rate equivalent to over £400 million a year ; if, as an extreme illustration, it stopped rising altogether, that would entail a decline in consumers' purchasing power roughly equal to the increase provided by the Budget.

The relationship of consumer debt to personal incomes after tax is shown in chart 1. Since the autumn, the figure has risen rapidly from 5.2 per cent to 6.6 per cent, the highest figure yet recorded.

Chart 1. Consumer debt and disposable incomes

Per cent of disposable income



Sources: *Appendix tables* 6 *and* 10, *Board of Trade Journal, Monthly Digest of Statistics, and NIESR estimates.* For H.P. debt the figures are end-quarter, and for bank advances mid-quarter.

Previous experience in Britain provides little evidence as to how high the ratio of debt to income may rise before levelling out. Since the war, hire purchase has never been free from control for any length of time. The latest *Economic Survey of Europe*[1] compares the extent of hire purchase debt in Britain before the recent decontrol with that in other countries. After allowing for differences in the coverage of the figures (which are reproduced in table 1), it appears that the ratio of hire purchase debt to national income was higher in Britain than in other European countries. Although lower than the present ratio in the United States, it was about the same as the ratio there at the pre-war peak, when real income per head was much the same as it is now in Britain. Though only a rough guide, that suggests that hire purchase debt in Britain is unlikely to continue for long to rise at the recent rate of £80 million a quarter.

Table 1. Hire purchase credit outstanding as a percentage of gross national product[a]

	1957
Austria	0.9
Belgium	1.6
France	0.8
Western Germany	1.4
Norway	0.9
United Kingdom	2.3
United States	5.5

Source: *Economic Survey of Europe in* 1958, United Nations (Geneva, 1959), chapter V, table 13.

(a) The figures are not directly comparable with those in chart 1 where consumers' credit is related to personal disposable income.

(1) *Economic Survey of Europe in 1958*, United Nations, (Geneva, 1959), chapter V, page 24.

It seems likely that the budget concessions will be accompanied at first by a continuing high rate of increase in consumer debt. Later in the year, the rise in consumer debt is likely to slow down. But real personal incomes may then be rising as a result of rises in wage rates, the outlook for which is discussed on page 27, and as a result of some increase in investment and, possibly, in exports. That should provide the basis for some continuing upward trend in consumers' expenditure, though probably with less concentration on durables than in the earlier phase.

Fixed investment

The effect of the Budget on fixed investment is likely to develop gradually.

The reduction in income tax, which will leave companies with an extra £60 million at their disposal in a full year, will have a far greater effect on company liquidity than the reintroduction of investment allowances in place of initial allowances. That will reduce their tax burden in 1960/61 by less than £10 million. The main significance of the investment allowances is that investment undertaken now will yield companies greater returns after tax in later years; but, as with a reduction in interest rates, the effect of which is similar, that may not have a great effect upon industrial investment. The immediate increase in liquidity resulting from the income tax reduction, and any general improvement in business expectations induced by the Budget and by other developments, are likely to be more important. Companies should now be in a comfortably liquid position, with no general shortage of finance for investment. In spite of lower profits in 1958, their liquid reserves rose because they needed much less for tax payments and for the finance of stocks. Now profits should rise again and tax rates are lower.

While there is some reason to expect an upward trend in investment decisions as a more expansionary mood sets in, it is hard to say how soon actual investment expenditure will respond. There is still substantial idle capacity in industry, which must deter decisions to expand ; there are bound to be time lags between decisions to invest, the placing of orders, and their execution ; and in present circumstances a higher rate of investment decisions is needed merely to maintain capital expenditure in private industry at its present level.

In total, real fixed investment was virtually stable from mid-1957 up to the end of 1958. In the first

quarter of 1959 there was a sharp increase in factory building approvals; but that was due to higher approvals for the steel industry, where an increase in investment was already expected.

On balance it seems likely that the upward trend in total fixed investment will soon be resumed. The fall in public investment in housing, which continued in the first quarter of the year, should stop soon: for the financial year 1959/60 it is officially estimated that public housing will be the same as in 1958/59. The rise in private house building should continue. Public capital expenditure other than housing may have begun to increase at the end of 1958 after declining for a year. If the official estimates for 1959/60 are to be fulfilled, this would probably imply an increase of about 10 per cent by the end of the year compared with the last quarter of 1958. The details of the public programmes published in the *Economic Survey*, comparing the financial year 1959/60 with 1958/59, indicate an increase of 8 per cent in public spending on vehicles, ships and aircraft, of 12 per cent in spending on plant and machinery and of 16 per cent on building and works.

Although the response to the Budget may be slow, the forecasts of fixed investment by private industry, made last October, may prove to have been too pessimistic. The October forecasts foresaw a fall in investment in private manufacturing of one tenth and a rise in private investment outside manufacturing of one twelfth, leaving the total unchanged. Taking the private and public sectors together, it now seems probable that by the end of the year total fixed investment will show an increase of at least 5 per cent in real terms above the end-1958 level and be followed by a continuing increase next year.

The general prospects for demand

While consumers' expenditure and fixed investment can both be expected to rise, neither government expenditure nor exports can be expected to change substantially this year.

The central Government's current expenditure on goods and services, in real terms, is expected to be roughly the same in 1959 as in 1958; the 4-5 per cent rise in money terms implied by the Estimates is mainly accounted for by rises in wages, salaries and other costs. Local authority current expenditure is expected to show a small real increase.

Exports show no clear recovery yet. But the prospects abroad, discussed below, are more encouraging and suggest that before the end of the year exports should exceed the level reached at the end of 1958.

Though the greatest uncertainty is the behaviour of investment in stocks, any change here could hardly transform the general picture. In the second half of last year, investment in stocks was resumed at a rate provisionally estimated at about £70 million a quarter (at present prices). Of this, a large part—about one-third—was investment in stocks of imported commodities. As demand rises, the rate of investment in stocks may at first be damped, as higher demand in some sectors is at first met, intentionally or unintentionally, by drawing on stocks. But in time expansion is likely to be accompanied by an increase in investment in stocks.

Total final demand

Allowing for these possible trends in the various items of demand, there is good reason to expect that the expansionary forces now in the economy will induce a growth of output in the rest of the year and beyond. The precise pace of recovery is difficult to predict. On the trends foreseen here, however, it might be expected that by the end of the year industrial production will be 4 or 5 per cent higher than at the end of 1958. The corresponding increase in the real gross national product would be about 3 per cent. Since production has been about stable in the first months of 1959 this view implies a fairly rapid recovery in the latter part of the year.

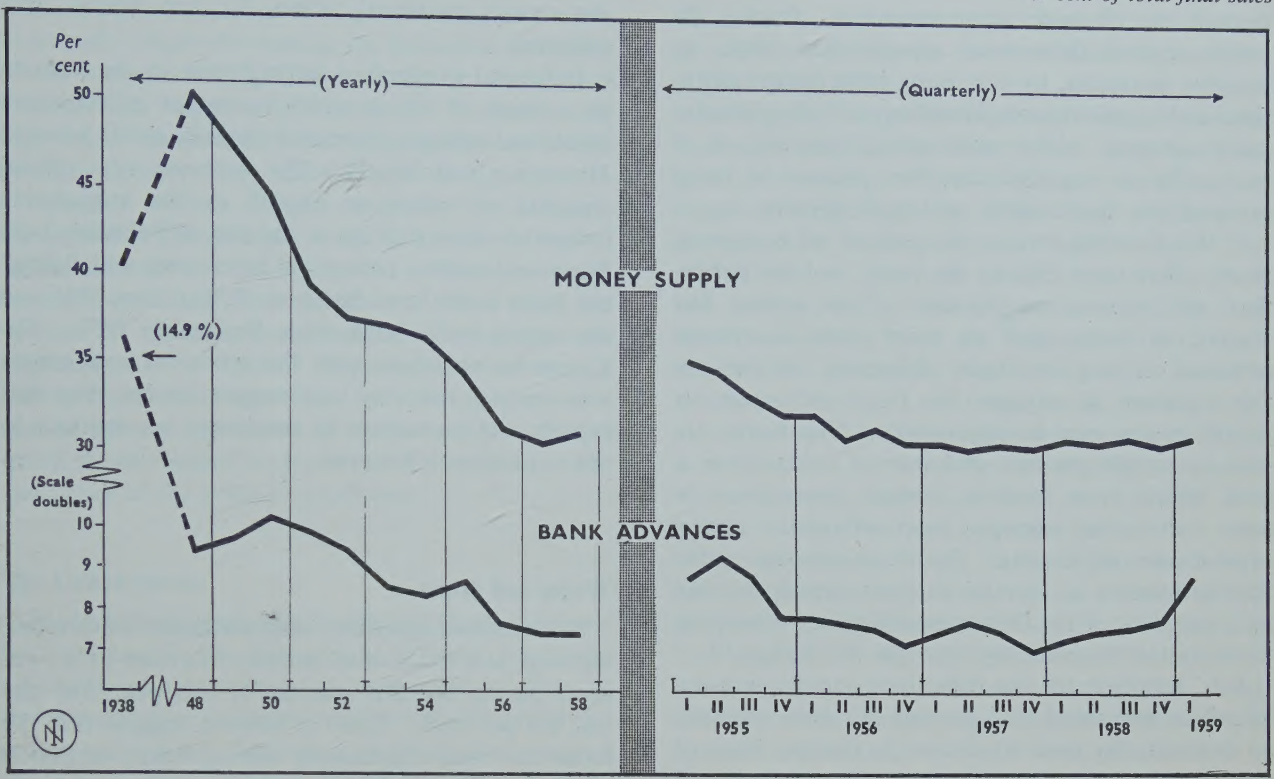
The principal uncertainties, as shown above, are the trend in consumers' expenditure, where there are a number of conflicting forces at work, small variations in which can have a substantial effect on total demand; and the behaviour of investment in stocks. But whatever the uncertainties about the latent trends, it is important to remember that the Government is now committed to expansion and that, should the measures already taken prove inadequate, there is a considerable likelihood that they will be reinforced. The Government has powers to repay more post-war credits, to increase pensions, or to change purchase tax, without introducing a new budget. The very fact that it has these powers, and is committed to expansion and higher employment, must reinforce business confidence and so add to the forces of expansion.

Budget deficit

As a result of the tax concessions, the increases in Government current expenditure and the increases in public investment, the Government will have to borrow much more this year than last year. Officially the overall deficit is estimated to increase by £540 million to a figure of £721 million in the financial year 1959/60. Of this total, £621 million is the estimated net borrowing on behalf of nationalised industries. If the nationalised industries, except the Coal Board, went direct to the market, as used to be the practice, the estimated overall deficit would be

Chart 2. Money supply and bank advances

Per cent of total final sales



Sources: *Appendix table* 10 and *Economic Trends*.

just under £200 million, but the economic effect would be the same.

In practice the amount that will have to be borrowed may well be smaller than is estimated. For, as is shown in the figures below, the revenue departments tend to under-estimate the tax yield in periods of expansion. In the six years (shown in italics) in which the real national product rose by 2 per cent or more, the average under-estimate of tax revenue was about £100 million.

Table 2. Divergence of tax revenue from estimate

(+ = *more revenue than estimated*)

£ *million*

1949/50	*+ 54*	*1954/55*	*+249*
1950/51	*+ 62*	*1955/56*	*+153*[(a)]
1951/52	*+175*	1956/57	− 33
1952/53	−216	1957/58	+ 85
1953/54	*− 53*	1958/59	+ 51

Source: *Financial Statements*.

(a) Including £15 million estimated yield from tax increases in October 1955.

The way in which the Government borrows will influence the banking system and the level of interest rates; the right pattern of borrowing depends upon what effects it is desired to produce—an easing or a restriction of credit.

The Government, in its financial operations, has hitherto pursued a policy that has been surprisingly restrictive for a period when the general aim has been expansion. In the past year it has, by funding, reduced the total floating debt in the hands of the banks and public: government departments have sold substantial quantities of long-dated stock and taken up more bills. In reaction to this, the banks, when the administrative restrictions were removed, increased advances partly by reducing their liquidity ratios but mainly by selling gilt-edged.

The results of the Government's policy are reflected in the relatively high level of long-term interest rates: whereas Treasury bill rates have come down from 6.43 per cent in December 1957 to 3.30 per cent in March 1959, the yield on consols has fallen only from 5.41 per cent to 4.82 per cent. The results may also be seen in the ratio of the money supply and of bank advances to the value of total final sales in the economy. Chart 2 shows that although the ratio of the money supply to final sales has risen slightly and the ratio of advances rather more since administrative restrictions were relaxed, both are still below the 1948-1955 average and far below pre-war figures.

The recent increase in the ratio of advances to turnover must reflect a tendency to return to a more normal use of bank accommodation. During the credit squeeze there were reports that firms, by delaying payments, by borrowing from fringe institutions and by other means, found ways of doing without bank advances whilst maintaining business. It is reasonable to suppose that the process is being reversed now that credit is no longer rationed.

If the Government, in the process of borrowing more, offers more bills to the banks and the public, that will increase the liquidity of the system and should, in itself, tend to exert some downward influence on long-term rates of interest. A move in this direction to support the forces of expansion would in any case be appropriate. The banks are now in a tight position and interest rates are at a level which must tend to restrain expenditure in some sectors, for example, local authorities' capital expenditure and housing. The Chancellor has stated that he foresees an increase in short-term borrowing as a corollary of the Government's policy of seeking to stimulate the economy through the Budget.[1]

It is, however, the tax reductions and the increase in public investment that provide the main stimulus to demand; the need to borrow is another facet of that stimulus, not a separate force. In the course of borrowing it appears that the Government may ease credit. But compared with the Budget, and with the earlier removal of direct restrictions on hire purchase and bank credit, that is likely to have a small effect on demand.

Employment and production

As demand and production recover, employment can be expected to rise too; but higher production is likely to come chiefly from higher output per man and employment will probably recover only slowly at first. Indeed, such recovery in output as there has been since the middle of last year has not led to any increase in employment. For reasons emphasised in the last Review[2], the employment figures are a better guide than unemployment figures to the state of the labour market. The seasonally adjusted figure for the total number of civil employees fell by ½ per cent (or 104 thousand persons) from September to December, although production rose ; it fell a fraction further (by about 30 thousand persons) between December and March. Thus although there has been a slight fall in unemployment and a slight rise in unfilled vacancies, the trend in employment had not yet turned in March when the last figures were collected.

Industrial production having risen in the autumn as a result of the recovery in output of consumer goods and vehicles, remained virtually stable between November and March. The welcome new official statistics of orders on hand[3] in the engineering industries show that up to the end of February both home and export orders on hand were still falling; the home order book had been falling since 1955 and the export order book since September 1957. The figures do not show how the inflow of new orders was moving; but they lend support to the view that exports and investment in machinery are unlikely to rise until later in the year.

Wages and prices

Since the last important wage settlement in October, the wage rate index of all workers has risen by 0.7 per cent; during the first quarter of this year, the rise was 0.4 per cent. There is little to suggest that the index has risen significantly during April, or that it is likely to do so in May.

The retail price index has been steady since December 1958. The reduction of duty on beer and of purchase tax on durables will, it is estimated, reduce the retail price index by 0.8 points (approximately 0.5 points for beer and 0.3 for purchase tax).[4] This reduction in prices comes at a time when there is, normally, some seasonal rise in vegetable prices; it should partly offset this rise, and by the middle of the year retail prices may be only about 1 per cent higher than a year ago.

Import prices, as noted later, show no signs as yet of forcing up prices at home. The National Institute current import price index has fallen recently. There was a rise in prices of industrial materials, but this was more than offset by a fall in prices of food and tobacco : by April they had fallen 7 per cent from the December figure. This could have a downward effect on the retail price index of about half a point. A full analysis of the prospects for wages and prices is given in the article on pages 16-29.

(1) *Hansard*, 13 April 1959, col. 763.

(2) *National Institute Economic Review*, No. 2, March 1959, page 12.

(3) *Board of Trade Journal*, 8 May, 1959, page 1077.

(4) New car prices do not appear in the retail price index. Second-hand car prices are taken instead, and these do not appear to have fallen, as yet, to the full extent of the purchase tax reductions.

SIGNS OF A WORLD RECOVERY

There is now evidence of the beginnings of a more widespread expansion among the industrial countries of the western world. The recovery in the United States, which was described in our last Review as the only major expansionary force, has gathered further strength in early 1959. There are clear signs that in Continental western Europe, especially in Germany, the period of comparative stability has given way to renewed expansion. In Japan, and in Canada, output is now recovering. Even at the end of last year, the volume of trade between industrial countries was beginning to rise again. The expected increase in activity in Britain may thus be seen as part of a general upward movement in the industrial countries which should before long react on the incomes, trade and prices of the primary producers.

The United States

Real national product in the United States increased by 2 per cent in the first quarter of 1959 (seasonally adjusted)—about as large an increase as in either of the two previous quarters—and slightly exceeded the pre-recession level. Industrial production also passed the pre-recession level in the first quarter and by March had been rising each month for a year. The major influences behind the expansion are still the rise in consumers' expenditure and the increased rate of stockbuilding. In addition, it is significant that business investment in plant and equipment, which rose only very slightly in the earlier stages of the recovery, increased appreciably at the beginning of 1959, exceeding the forecasts made by industry at the end of 1958.

Table 3. Recovery in the United States

$ billion, current prices, seasonally adjusted

	Change from previous quarter at annual rates	
	4th Qtr. 1958	1st Qtr. 1959
Consumers' expenditure	+ 4.4	+ 4.1
Public spending on goods and services	+ 3.2	+ 1.8
Gross private fixed investment—		
Dwellings	+ 2.2	+ 1.6
Other construction	+ 1.0	− 0.2
Producer's durable equipment ..	+ 0.7	+ 1.5
Investment in stocks	+ 4.2	+ 5.7
Net foreign investment	− 1.3	− 0.9
Gross national product	+ 13.2	+ 13.6

Source: *Appendix table* 17, *Economic Indicators.*

Earlier in the year, there were signs that the expansion might slow down; but investment has begun to increase and forecasts for the rest of the year suggest a continuing rise. The survey of consumer finances taken at the beginning of 1959 suggests that expenditure on cars and household durable goods will not increase at much greater rates than have already occurred ; but it also suggested that the rapid rise in house purchases, which was a major factor in the recovery last year and seemed to be slowing down, may continue. However, the increase in stock-building is not likely to go on at the first quarter rate, which was abnormally high because of purchases of steel against the possibility of a summer strike.

The recovery in output has brought with it substantial increases in productivity and a comparatively small rise in employment (for details, see page 23). Company profits had already recovered to early 1957 levels by the end of 1958 and must still be rising. This may well encourage wage increases, which should strengthen the rising trend of consumption.

United States Government economists have recently forecast a gross national product of $475 billion or more in 1959, compared with an annual rate of $467 billion in the first quarter. This forecast is more optimistic than the estimates on which the Administration appears to have been working at the beginning of the year. This seems to imply confidence in expansion continuing at about the same rate as that since mid-1958, and a level of output in the fourth quarter of 1959 some 7–8 per cent higher, in real terms, than in mid-1957, before the recession began.

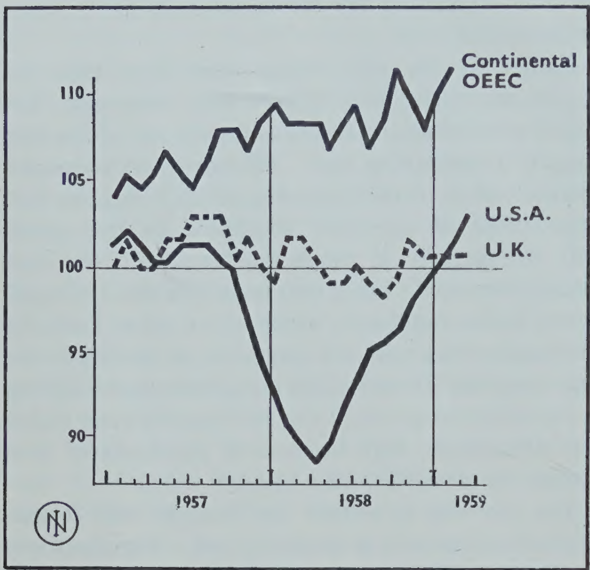
Western Europe

There are now definite signs of increasing activity in most western European countries. The index of industrial production for Continental O.E.E.C. countries in total, which was showing only uncertain evidence of expansion at the end of 1958, now clearly appears to be rising (see chart 3). This is chiefly due to renewed expansion in Germany, but in addition the upward movement in Italy has continued, and the recovery in the Netherlands has accelerated; there are some signs of expansion in the Scandinavian countries, but not yet in Belgium. It is possible that a new upward movement in France is beginning.

In Western Germany, the trend of industrial production was hesitant at the turn of the year, but the index, after seasonal adjustment, rose 2 per cent in February and again in March when it was 4 per

Chart 3. Industrial production: U.K., U.S.A. and Continental O.E.E.C.

Index numbers, 1956=100 seasonally adjusted



Source: *Appendix table* 16.

cent above the average 1958 level. Except for coal, most industries showed a rising trend; even in textiles and footwear there are some signs of recovery. Domestic demand for steel, which was held back, although less than in Britain, by the running down of consumers' stocks, has now begun to increase; steel output has recently been 15-20 per cent greater than a year ago. In industry generally, the inflow of new orders, especially for export, is increasing. Rates of growth in output comparable with those of earlier post-war years are now unlikely. Unemployment, which fell in April to 2 per cent of the labour force, cannot be much further reduced and hours of work have been shortened by a series of trade union agreements. A moderate expansion is now in progress.

The volume of German exports is continuing to rise, helped by the fact that industrial markets account for three-quarters of Germany's exports. Although the volume of imports is rising too, the export surplus continues to grow. But the rising outflow of both official and private capital was sufficient to bring about a fall in foreign exchange reserves in each of the first three months of 1959.

The measures of economic reform taken in France have so far had a considerable success. The increase in prices since devaluation has been only moderate; in the first quarter of 1959 both wholesale and retail prices rose 4 per cent; prices of manufactured goods rose more than this, but agricultural prices fell.

The improvement in French foreign exchange reserves continued in the first quarter of 1959. The current balance has reached approximate equilibrium; this has stopped the drain on the foreign exchange reserves, but their subsequent increase appears to be due chiefly to the repatriation of capital. The improvement in the current balance is principally the result of marked reduction in the volume and value of imports; exports have increased substantially in volume but export income, in terms of foreign exchange, has not changed much since a year ago.

The Government's measures, by reducing domestic demand, led to a moderate reduction in the level of output during 1958. There are now signs that demand is reviving. Industrial production, seasonally adjusted, increased by 4 per cent in February 1959, and remained at this level in March, after falling 6 per cent during the previous eleven months. Order books are reported to be increasing after a continuous decline, and unemployment fell more than seasonally in March.

It is impossible at present to identify the expansionary forces which are at work, apart from the rising volume of exports, the growth in which began nearly a year ago, and the planned increase in public investment.

A recent survey of investment intentions showed that some reduction in business investment was expected. Hence there must still be some uncertainty whether the recovery in output is firmly based. There is some risk, too, that a recovery in activity at this stage will endanger the foreign exchange position and the degree of price and wage stability so far achieved.

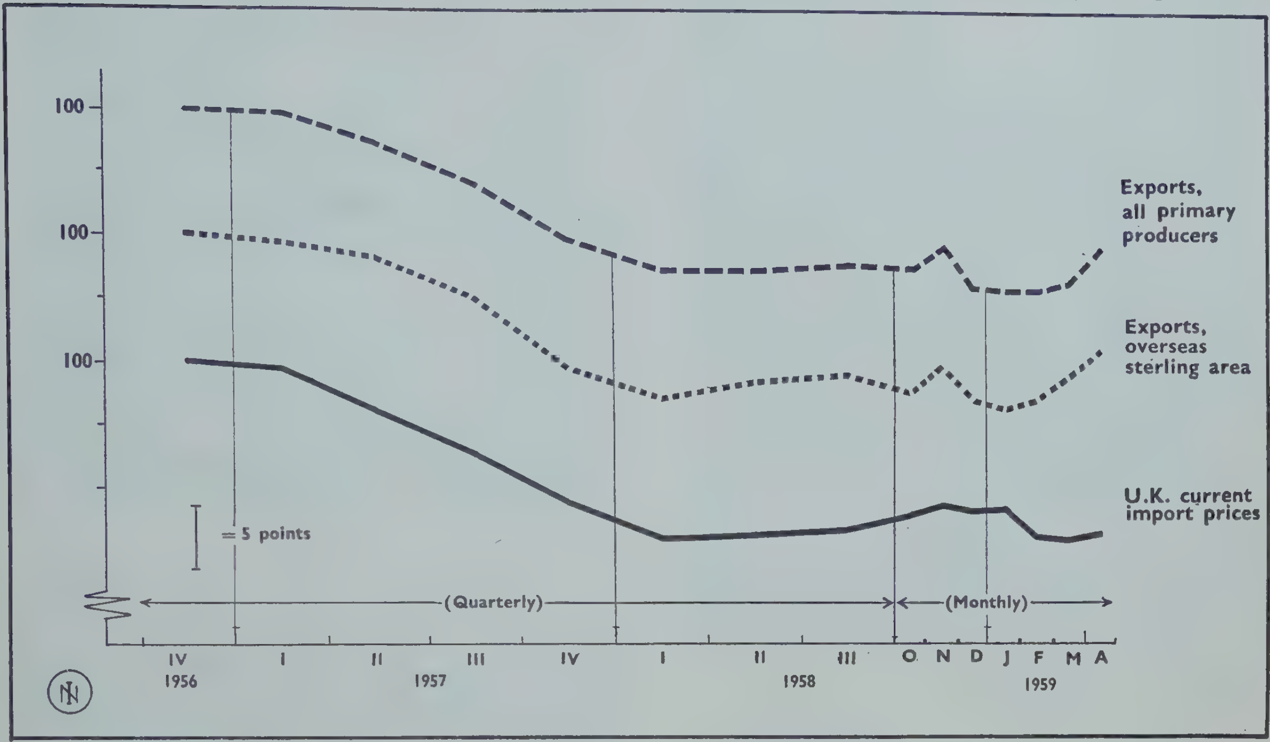
Commodity prices

The first signs of an increase in commodity prices, resulting from the beginnings of a general expansion of demand in industrial countries, have now appeared. Price movements over the past few months have been irregular, but there have been some significant increases.

Among the major commodities in world trade, the substantial increases have been in wool and rubber—increases of 25 per cent and 10 per cent respectively between January and April in the price quotations used by the National Institute. Both increases are due chiefly to rising demand in the United States and Europe, but in both increased buying by the Soviet bloc—which tends to be spasmodic—has played a part. Even so wool prices have no more than regained the loss they suffered in the second half of 1958. Copper prices have risen a little: there appears to be some increase in American demand as well as considerable speculative fluctuations; the prices of vegetable oils and oilseeds have also strengthened.

Chart 4. NIESR commodity price index numbers

1956 fourth quarter=100



Source: *Appendix table 20.*

Table 4. Commodity price trends in early 1959

The table shows all commodities accounting for 3 per cent or more in each flow of trade

U.K. current import prices			Overseas sterling area export prices			All primary producers export prices		
Commodity	*Weight*	*Per cent increase, Jan.-April 1959*	*Commodity*	*Weight*	*Per cent increase, Jan.-April 1959*	*Commodity*	*Weight*	*Per cent increase, Jan.-April 1959*
Petroleum and products ..	16.1	− 5	Wool	18.6	+23	Coffee	14.9	− 5
Wool	6.4	+25	Gold	8.5	0	Wool	10.0	+25
Softwood	4.8	0	Rubber ..	8.4	+ 9	Cotton ..	8.5	− 6
Sugar	5.1	− 4	Tea	7.8	−11(a)	Rubber ..	7.3	+10
Copper	3.9	+ 4	Copper ..	5.0	+ 5	Sugar	5.1	− 8
Tea	3.9	−16(a)	Cocoa	4.1	0	Copper ..	6.3	+ 8
Wheat	3.9	+ 1	Jute manufs. ..	3.8	− 1	Gold	4.3	0
Woodpulp ..	3.8	− 4	Sugar	3.7	− 4	Tea	3.8	−13(a)
Butter	3.7	− 6	Oilseeds ..	3.0	+ 9	Cocoa	3.5	+ 3
Iron ore	3.7	− 3	Rice	3.0	+ 1	Fruit and vegs. ..	3.4	+ 6
Tobacco	3.1	−29(a)				Oilseeds ..	3.1	+ 8
Tramp shipping ..	3.7	− 3						
Bacon	3.0	−16						
Total	*100*	*− 3*	*Total* ..	*100*	*+ 5*	*Total* ..	*100*	*+ 3*

Source: *Appendix table 20.*
(a) Unit value indices. The reductions are chiefly due to end-season sales of low qualities.
Different price changes are sometimes shown for the same commodity. This is because the quotations and weights used differ according to the purpose of each index.

As a result of short supplies, the prices of hides and of sisal have risen sharply. On the other hand, prices of coffee, sugar and of some other basic foodstuffs have fallen.

This pattern of price changes has, for the time being, favoured the sterling area. As table 4 and chart 4 show, current United Kingdom import prices of basic commodities fell slightly during the early months of 1959; the falls in foodstuffs, tobacco, beverages and petroleum more than offset the increase in wool and other industrial materials. This index of current quotations suggests that the Board of Trade index of import arrival prices should not change much for some time, although the rise in prices of industrial materials must soon be reflected in it. At the same time, the increases in the prices of wool and rubber have pushed up the export prices of the overseas sterling area as a whole—a larger increase than for other primary producing countries, especially those affected by the fall in coffee prices. The overall effects of these recent price increases, both on United Kingdom import costs and on the exports of primary producing countries, have so far, however, been very moderate.

Table 5. Volume of U.K. exports by area

Seasonally adjusted, 1954=100

	1957	1958				1959
		I	II	III	IV	I
Western Europe	116	107	107		107	109
North America	143	147	147		168	169
Sterling area	105	105	101		99	90
Other primary producers	120	116	115		110	117
Total all areas[(a)]	*113*	*110*	*110*	*108*	*111*	*108*[(b)]

Source: *Appendix tables* 11 *and* 13.

(a) Including areas not separately shown. Adjusted for effect of dock strikes; the adjustments have not been made for the individual areas.
(b) The April figure was approximately 120.

United Kingdom exports

In the first quarter, the volume of exports fell back to the low point reached in the third quarter of 1958 (see table 5). There was, however, a sharp spurt in exports in April, when the seasonally adjusted volume was 10 per cent above the first quarter average. Over half the increase was in exports to North America. The early Easter may have affected the April figure ; the March/April average was 4 per cent above the previous five months. This was not very different from the temporary spurt in the fourth quarter of 1958.

An encouraging feature of the first quarter's exports was the slight rise in sales to western Europe, after a year of stability. But exports to the sterling area fell off sharply ; they had been supported in the fourth quarter by large deliveries of ships. Exports to nearly all the main sterling countries fell. Exports to other primary producers increased but this was largely because of deliveries of aircraft to Latin America and cannot be taken to represent a recovery that will continue.

The experience of other major exporters of manufactured goods towards the end of 1958 was, as shown in table 6, similar to our own; there was a general improvement in trade among the industrial countries and a continued decline in trade with the primary producing countries. Thus in the fourth quarter of 1958 total exports of manufactures to primary producing markets from the five major exporting countries were 6 per cent less in value than a year before, while exports to other industrial countries were up by 6 per cent. But while world trade in manufactures was in total slightly higher, United Kingdom total exports were down, largely because of our greater dependence on primary producing markets.[(1)]

Table 6. Value of exports of manufactures from U.K., U.S.A., Germany, France and Japan

Destination	Exports in 1958	Percentage change on corresponding period of previous year	
	$ billion	*Jan. to Sept. 1958*	*Oct. to Dec. 1958*
Primary producing countries	15.1	− 3	− 6
Industrial countries ..	15.2	− 6	+ 6
Sino-Soviet countries ..	0.8	+29	+69
Total	*31.1*	*− 4*	*+ 1*

(1) A more detailed analysis of earlier trends was given in the *National Institute Economic Review*, No. 2, March 1959, page 20.

Export prospects

The recovery in North America and in western Europe should maintain the upward trend of exports to the industrial countries, which take about 40 per cent of our total exports. There seem to be prospects, too, of some increase in exports to Sino-Soviet countries (which take at present 3 per cent of the total). But the general revival of activity in the industrial areas and the slight increase in commodity prices cannot be expected to result in increased exports to the primary producing countries until towards the end of the year.

The market prospects in the primary producing countries vary considerably. Certain features are common to several of the independent sterling area countries. In Australia, New Zealand, South Africa and in Pakistan there were substantial declines in export income in late 1957 and in 1958, due mainly to the fall in commodity prices. But their imports were not reduced proportionately. The worsening trade balances were met in the first instance from the reserves and later by the heavy inflow of capital, both long-term and—particularly in South Africa—short-term as well. Thus only very moderate reductions in imports were required. Indeed in Australia, where the proportionate fall in exports from 1957 to 1958 was greatest, there has been a continuing rise in domestic activity; and imports, although still subject to widespread quantitative restrictions, were considerably higher in 1958 than at any time since 1955. In Australia, and also in New Zealand, the estimated capital inflow during 1958 was equal to two to three months' imports. In New Zealand and South Africa imports were curbed only in the second half of 1958. The recovery in wool prices, coming when most of the season's clip has been sold, and the better export prospects generally, can hardly begin to bring about a substantial recovery in actual export receipts for some time. Governments are not likely to relax import restrictions until their reserve positions are stronger or the assurance of rising exports more certain. It thus seems unlikely that demand for imports will rise much yet.

The situation is somewhat different in India where the very high level of imports in 1957 and the consequent serious reserve position forced a drastic restriction of imports which is still in operation. The reserve position was supported for the time being by the credits arranged last autumn and the principal creditors, together with the International Bank, have now assured India that it will be possible to proceed with the development plan without undue pressure on the reserves. But import restrictions are not likely to be relaxed much except for imports essential to the development plan or where particularly favourable credit terms can be arranged.

In the colonial territories, in Ghana and the Central African Federation and also in the Irish Republic, the immediate prospects for British exports are somewhat brighter. In nearly all these countries, the high level of sterling balances made severe restrictions on imports unnecessary, although reductions in imports occurred with the fall in export incomes. The improved export prospects for rubber, copper and tin, in particular, should bring about a fairly quick, though probably not very large, increase in demand for imports.

In Latin America, merchandise trade deficits were somewhat reduced in 1958 by substantial cuts in imports. But reserves continued to fall although the most critical situations, in Argentina and Brazil, were met by loans from the United States and the international organisations. The export prospects, however, especially for the countries dependent on coffee, are not at present good and no general increase in imports can be expected this year.

The prospects for British exports to the principal markets, in the rest of 1959, can therefore be roughly summarised as follows:

North America and western Europe: a continuing slow increase.

The major sterling area markets: no significant increase until the end of the year, with perhaps a further reduction before recovery comes.

Other sterling markets: possibilities of small increases fairly soon.

Latin America: no general increase yet.

Middle East: a continuing increase.

This view of the outlook is based on the likely trend of total trade in manufactures. It does not allow for any substantial change in the trend of our share of the various markets.

The outlook for imports

The volume of British imports increased in the fourth quarter of 1958 and the higher level—about 4 per cent above the average for 1958 as a whole—was maintained in the first quarter of 1959. Much of the further rise of about 7 per cent in April may be the statistical effect of the early Easter. Part of the increase was due to the change from de-stocking to stock accumulation of imported commodities between the first and second halves of last year and these stocks must still have been rising in early 1959. In addition, imports of finished manufactures, and of some foods, including the canned salmon liberalised in September 1958, continued to increase in the first quarter. Imports of industrial materials were somewhat lower in early 1959 than in the fourth quarter

of 1958 ; this was largely due to a fall in cotton and rubber imports (the latter because of reduced re-exports to the Soviet Union which is now buying directly from producers).

An increase in national output and expenditure during 1959 on the scale forecast above (page 6) might well result in a level of imports in 1959 some 5 per cent or more above the average for 1958.

The expansion directly associated with the Budget, as Mr. Maudling stated in the Budget debate, is estimated to cause a rise in imports of some £60-£70 million (about 1½ per cent). Some rise in imports, particularly of food, petroleum and manufactured goods, would probably have occurred in any event.(1)

In addition, the increase in stocks of imported commodities which has already begun must be expected to continue as the recovery gains strength. These factors together might raise the volume of imports in 1959 as a whole by, say, £200-£300 million, or 5 to 7 per cent, above the average level of 1958; it was already 4 per cent above in the first quarter.

Balance of payments prospects

The volume of imports in the first half of 1959 is not likely to be very different from the rate reached in the first quarter, and import arrival prices are not likely to change much before the middle of the year. Exports, too, should remain fairly stable for the rest of the half-year. The current surplus in the first half year might be around £150 million—not very different from the £128 million in the seasonally unfavourable second half of 1958.

In the second half of 1959, both the volume of imports and the volume of exports may well rise above recent levels. At the same time, a small rise in import prices before the end of the year seems possible. On balance, these changes would probably produce a further reduction of the current surplus in the second half of 1959 (taking into account end-year interest payments and other seasonal factors). For 1959 as a whole, present prospects thus suggest an overall current surplus not very far from £200 million.

There are, however, some encouraging features in the present outlook. First, it seems likely that the biggest proportionate increase in United Kingdom imports will be in imports from the sterling area, partly because of the recent pattern of price changes which has so far favoured sterling commodities; there were signs of this in the geographical pattern of imports in the first quarter of 1959. At the same time, it has been suggested above that our exports to the overseas sterling area, as to other primary producers, are not likely to increase in the next few months, while our exports to industrial countries may continue to rise. Hence there seems to be some prospect that the expected worsening of the United Kingdom's overall current balance will take the form principally of a reduction in the very large surplus with the overseas sterling area achieved in 1958 and that our non-sterling current account, which was about in balance in 1958, will not worsen.

Secondly, there is a reasonable prospect that the overall current balance of the overseas sterling area will improve as exports rise, for the time being, faster than imports. This should be reflected in some improvement in the current account of the overseas sterling area with non-sterling countries, which was in substantial deficit in 1958.

Thus the position of the sterling area as a whole will be improved if, as seems likely, the average prices of overseas sterling area exports continue to rise faster than the average prices of United Kingdom imports.

There is, therefore, little reason for expecting that the *current account* transactions of the whole sterling area will lead directly to a fall in the gold and foreign exchange reserves during 1959, and some tentative grounds for hoping for an increase. Naturally, any calculations could be upset before the end of the year by a striking change in, for example, the trend of commodity prices as between sterling and non-sterling products.

Capital account

Changes in capital account, however, may in the event prove more decisive. The heavy current deficit of the sterling area as a whole in 1958 was accompanied by a rise in the gold and foreign exchanges reserves (see table 7); this was due partly to the return of short-term capital after the exchange crisis of 1957, partly to the substantial increase in long-term borrowing by the overseas sterling area from non-sterling sources. Indeed, as table 8 shows, the inflow of capital from non-sterling sources in 1958 greatly exceeded the volume of United Kingdom lending; of the additional £135 million from non-sterling countries, nearly £100 million came from the United States and Canada and most of the rest from Germany, the Soviet Union and Japan.

Part of the capital inflow in 1958 was, of course, a direct result of the effects of the recession on the balance of payments of the overseas sterling area countries; both the willingness to lend, and the need to borrow, may be less conspicuous when trade revives. But the continuation of much of this long-term borrowing is assured by existing commitments. Moreover, the inflow into the sterling area as a whole has been swollen recently by the growing interest of

(1) See 'Imports and expansion', *National Institute Economic Review*, No. 2, March 1959, page 26.

Table 7. Sterling area balance of payments with non-sterling countries

£ million

	1956	1957	1958	1957 1st half	1957 2nd half	1958 1st half	1958 2nd half
Surplus/deficit on current account:							
United Kingdom	− 64	− 90	+ 15	+ 3	− 93	+ 46	− 31
Overseas sterling area[a]	+ 3	−160	−246	+ 5	−165	−103	−143
Total	*− 61*	*−250*	*−231*	*+ 8*	*−258*	*− 57*	*−174*
Net balance on capital account:							
United Kingdom:							
Long-term	− 51	+ 97	− 5	+ 2	+ 95	+ 23	− 28
Other[b]	− 3	− 91	+152	− 77	− 14	+126	+ 26
Overseas sterling area	+157	+257	+368	+118	+139	+195	+173
Total	*+103*	*+263*	*+515*	*+ 43*	*+220*	*+344*	*+171*
Change in gold and convertible currency reserves	*+ 42*	*+ 13*	*+284*	*+ 51*	*− 38*	*+287*	*− 3*
Change in sterling holdings of overseas sterling area	*− 23*	*−156*	*− 82*	*+ 69*	*−225*	*− 76*	*− 6*

Source: *United Kingdom Balance of Payments* 1956 *to* 1958, Cmnd. 700.

(a) Including net sales of gold in the United Kingdom.
(b) Short-term investment and borrowing items, including the balancing item (items 10 to 13 and 17 in the balance of payments white papers).

Table 8. Capital inflow into the overseas sterling area

£ million

	1954	1955	1956	1957	1958
From U.K.	211	79[a]	165[a]	235[a]	220
From I.M.F. and I.B.R.D.	20	7	28	121	97
From non-sterling countries	132	129	129	136	271
Total	*363*	*215*	*322*	*492*	*588*

(a) Long-term capital plus miscellaneous capital (items 8-10 in the balance of payments white papers). Notional adjustments are also made for purchases of dollar securities via Hong Kong and the Persian Gulf in 1955-57.

Source: *United Kingdom Balance of Payments* 1946-1957 and 1956 *to* 1958 (Cmnd. 700).

American private investors in British industry and the London stock market.

On current and long-term capital account together, therefore, there is no reason to expect any large change in the gold and foreign exchange reserves in 1959. The reserves now stand about £500 million above the low point reached in September 1957, and our general position will be further improved in 1959 by the increase in gold quotas with the International Monetary Fund. Although this will involve payments out of the central reserves of £58 million, for the increase in the United Kingdom quota, and of part of the £40 million increase in the quotas of other sterling countries, the sterling area's drawing rights will be raised by nearly £500 million.

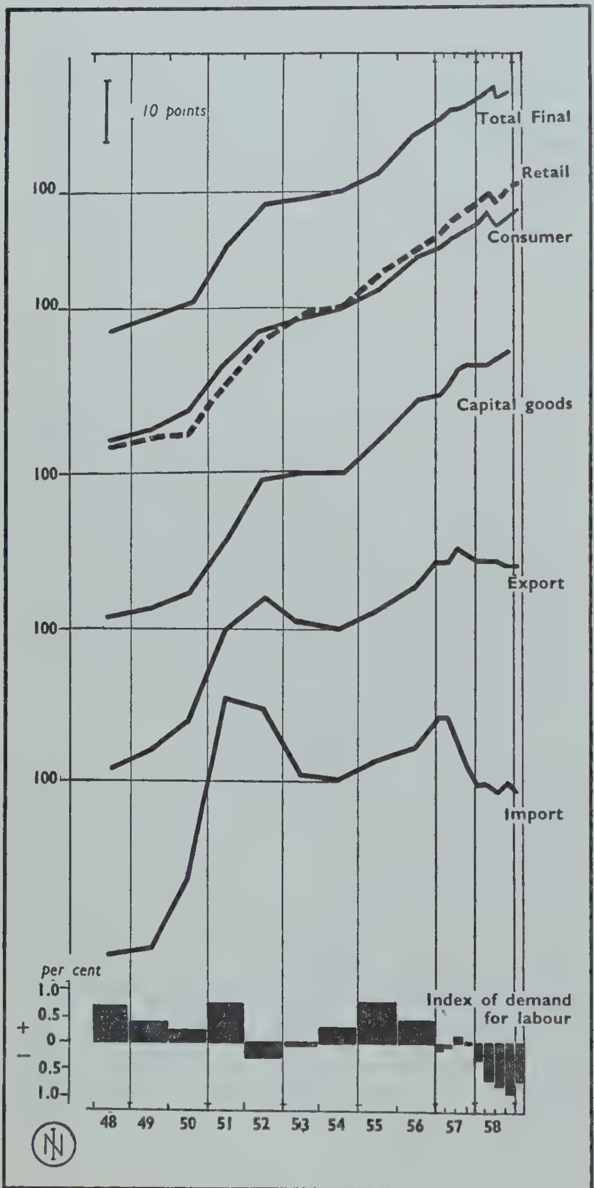
This year represents an unavoidable stage in the world economic recovery, a phase in which the current balance of payments of the United Kingdom must be expected to worsen temporarily as the demand of industrial countries for primary products revives. The expanding purchasing power of the primary producing countries, and their improved opportunities for development, will later benefit our exports. Meanwhile the risks entailed by expansion in Britain are greatly lessened by our association with the primary producers of the sterling area, whose gains from the revival of world demand should offset the temporary disadvantages likely to be suffered by the United Kingdom.

PRICE STABILITY AND THE POLICY OF DEFLATION

From mid-1955 to mid-1958, in the words of the Economic Survey, '*the growth in home demand had to be restrained in order to check the rise in prices and to safeguard the country's external position*'. *The main purpose of this article is to examine how far the Government was successful in promoting price stability through restraining demand. The second part of the article discusses the next wage round and the prospect of maintaining price stability this year.*

Chart 5. Price trends, 1948 to 1958

Index numbers, 1954=100



Source: *Appendix tables 3 and 5.*

This article was prepared by Mr. J. C. R. Dow and Mr. L. A. Dicks-Mireaux with assistance from Mr. G. G. C. Routh, Miss B. M. Swift and others on individual sections.

POST-MORTEM ON THE EFFECT OF DEFLATION

During the period since 1955 the rise in prices slackened only in 1958 (chart 5). Both consumer prices and the prices of capital goods continued to rise through the year, but export prices fell. On average final prices were still rising in 1958 though less rapidly than in the previous three years. Prices were hardly more stable in 1958 than in two previous post-war periods: 1948 to 1950 and 1952 to 1954.

During the last two years, as in the period 1952 to 1954, the pressure of demand has been relatively low. It cannot be measured directly, but changes may be indirectly gauged by changes in the demand for labour. The index[1] at the bottom of chart 5 attempts to measure the excess demand for labour, or conversely, the extent to which the supply of labour exceeds the current demand. On this showing, the pressure of demand fell steadily from 1955 to the beginning of 1959.

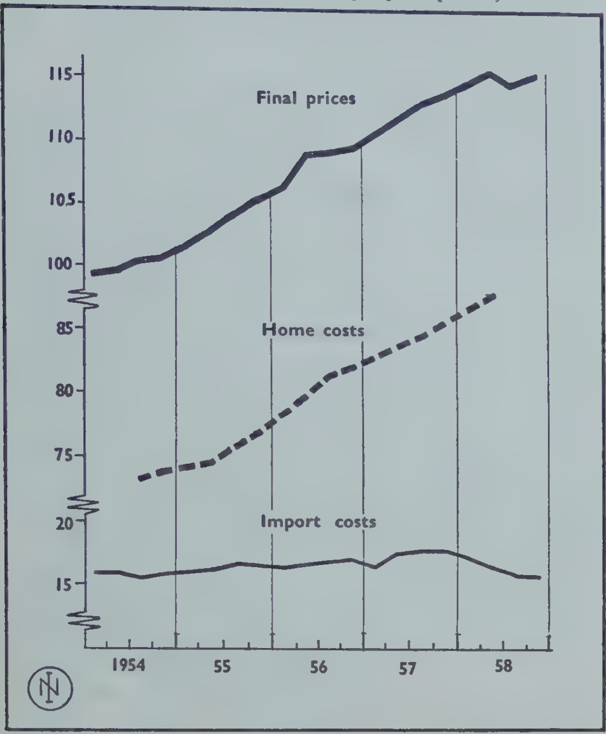
The chart also illustrates the way in which import prices contributed to periods of relative price stability. In the period 1948 to 1950 import prices were relatively steady up to mid-1950; in 1951 to 1953, and again in the second half of 1957, import prices fell. This recent fall, of the order of 10 per cent, which took place mainly in the second half of 1957 and is likely to have affected final prices after a delay of some six months, would by itself have been sufficient to reduce prices by about 1½ per cent. (Merchandise imports c.i.f. constitute about one-seventh of the value of final sales.) It was therefore enough, as chart 6 shows, to account for a good part of the slowing down of the price rise which occurred between 1957 and 1958. On a comparison of fourth quarters, final prices rose 1 to 1½ per cent during 1958, compared with 3½ per cent in 1957.

Taken in total, home costs appear to have risen rather less rapidly in 1958 than in recent years. Last year's wage round was both late and moderate in comparison with previous years and there was some squeeze on profits. Output per head, which in earlier years had risen and so reduced costs per unit, failed to rise much until the end of 1958. Certain items within the aggregate, notably rents, rose sharply. The following paragraphs try to assess what rôle lower demand played in these developments.

[1] The figures are given in table 3 of the Statistical Appendix. The index is compiled from the figures of unfilled vacancies and unemployment and roughly corresponds to the difference between them, expressed as a percentage of employees: see J. C. R. Dow and L. A. Dicks-Mireaux, 'Excess demand for Labour', *Oxford Economic Papers*, February 1958.

Chart 6. Prices, import costs and home costs

Index number for final prices, 1954=100



Sources: *Appendix tables* 1, 2 *and* 5; *Board of Trade Journal; Economic Trends*, and *NIESR estimates.*

The chart shows the contribution of home and import costs to the rise in final prices. 'Home costs' are the value of domestic product divided by its volume: a four-quarter moving average is shown, in order to eliminate seasonal movements; for this reason, a line is not shown for the first two quarters of 1954 or the last two of 1958. Domestic product excludes stock appreciation: its inclusion would make little difference. Import costs are measured by the import price index: the chart shows the level *six months previously* to allow for the lag before changes affect final prices.

Wage rates and the level of demand

From end-1955 to end-1958 wage rates rose 18 per cent. The annual rise declined from 8 per cent in 1956 to 5½ per cent in 1957 and 3½ per cent in 1958. According to the index shown in chart 5, the considerable excess demand for labour which existed in 1955 had disappeared by 1957 leaving demand in aggregate in balance with supply. In 1958 the demand for labour fell to a lower level than in any previous post-war year.

There is a good reason to expect a relationship between the level of demand and wage changes. But before knowledge of this relationship becomes a nice tool of policy or prediction, a great deal more has to be discovered about the strength of the relationship at different levels of demand and the relative importance of other factors which affect wage changes such as changes in prices, in profits and in political climate.

There have been several recent attempts to investigate systematically the relationship between demand and wage changes. Two studies[1] set out to assess the effect, in the post-war period, of the level of demand on the one hand, and the movement of prices on the other, on the rate of increase in wage rates.[2]

[1] One of these studies was made at the National Institute by L. A. Dicks-Mireaux and J. C. R. Dow: 'The Determinants of Wage Inflation', read to the Royal Statistical Society in December 1958 and to be published in the *Journal* of the Society. The other was made at the Oxford Institute of Statistics by L. R. Klein, R. J. Ball and A. Hazlewood as part of a general econometric study of the United Kingdom, not yet published in full (for a summary see their article 'Econometric Forecasts for 1959' in the *Bulletin of the Oxford Institute of Statistics* for February 1959). Both studies used multiple regression techniques: the second attempted to explain changes in wage rates, and wage earnings, as part of the more general process of price formation. The difference in procedure may account for the somewhat differing estimates for the price and demand effect: the differences do not affect the broad conclusions discussed here. The first study refers to the years 1946-56, the second to 1948-56.

[2] Actual earnings are generally greater than standard wage rates but there is reason to suppose (see page 20 below) that the gap between the two is not very sensitive to changes in demand. Changes in negotiated wage rates explain most of the increase in hourly earnings.

Table 9. Estimate of the factors affecting wage rates[a]

Percentage changes from fourth quarter to fourth quarter

	1951	1952	1953	1954	1955	1956	Average for period fitted	*Extrapolation*	
								1957	*1958*
Calculated effect of									
Demand being above minimum (1952) level	3.5	0.0	0.9	2.1	3.7	2.7	2.2	*1.0*	—[b]
Change in retail prices	4.6	4.7	1.6	1.0	2.3	2.5	2.7	*1.9*	*1.5*
Constant term	1.6	1.6	1.6	1.6	1.6	1.6	1.6	*1.6*	*1.6*
Total	10.0	6.4	4.1	4.8	7.8	7.0	6.7	*4.6*	*3.1*
Error	*+0.8*	*+0.1*	*−0.7*	*−0.1*	*−1.0*	*+0.9*	*0.0*	*+0.8*	*+0.6*
Actual change in wage rates ..	10.8	6.5	3.4	4.7	6.8	7.9	6.7	*5.4*	*3.7*

(a) From article by Dicks-Mireaux and Dow, *op. cit.* The results shown are those illustrated in Fig. 2 of that paper; the annual changes shown here are those between fourth quarters of successive years. For reasons set out in the paper, price changes were assumed to operate with a lag. The original demand effect has been adjusted so as to show the effect of demand being above the minimum (i.e. 1952) level; the original constant term was adjusted correspondingly.

(b) In 1958 demand was in fact below the 1952 level, but the calculations hardly permit an estimate of its effect.

Each of these factors appeared (from both studies) to be important.

Table 9 summarises one of these calculations. The results imply that if demand had throughout been at the minimum (1952) level (assuming that prices would nevertheless have risen as fast as they did), the annual increase in wage rates would have been reduced by about 2 per cent. Prices would probably then have risen less—depending on what happened to productivity; if so, the rise in wages would have been further reduced.

Applying these results to recent experience, the calculation suggests that if demand in the three following years had remained as high as in 1955 wage rates would have risen by over 25 per cent, that is by one half more than the actual rise of 18 per cent. This makes no allowance for the possibility that prices would then have risen faster—which would also have tended to push up wages. But it may give a rough idea of the effect on wage rates of the fall in pressure of demand over the last three or four years. (The effect on prices must have been much less dramatic: chiefly, as explained below, because the lower pressure of demand also slowed down the growth in output per head.)

These two studies, which dealt with the years up to 1956 only, cannot be used directly for prediction at the present juncture. The level of demand for labour has sunk below the map of charted post-war experience; and, though output this year is expected to show a continuing rise, the demand for labour is likely to remain relatively low. A third study[1] analyses the relation between unemployment and changes in wage rates over the past century. The results suggest that, after a certain stage, a reduction of demand does little to prevent wages rising. This is now more likely to be true, and the stage is likely to be reached sooner, than it was in the past.[2] Wage rounds at more or less annual intervals have now become the pattern, and it is probably increasingly difficult to reduce the size of wage awards beyond a certain point.

Wage drift and the level of demand

The index of nationally negotiated wage rates does not measure the full impact of inflationary conditions on the wage structure. Over the whole range of industry, employers probably pay for a standard working week something like a third more than would be earned at nationally negotiated rates ; and this margin has tended to increase.

Table 10 compares wage rates and wage earnings in the industries covered by the Ministry of Labour's earnings enquiries. It also attempts to remove from weekly earnings figures, along with other adjustments, the effects of changes in overtime and short-time. The result is an estimate of the effect of changes in the actual amount earned for a standard week. In most years wage drift has occurred: actual rates for a standard week have increased more rapidly than negotiated rates, as measured by the wage rates index. This is probably partly due to employers giving concealed wage increases by way of bonuses, or by upgrading employees. But various sorts of payment by results may have been more important. In any case the drift has not been rapid.

In the six years up to 1954 weekly wage earnings increased by only 8 per cent more than wage rates. More than half of this was due to the rise in overtime. If, then, we had an index of *actual* rates paid for a standard week, it would probably have stood at about 141 in October 1954 (October 1948=100), as compared with the 135½ of the index of nationally negotiated rates, that is an *annual* rate of increase of under 7 per cent, as compared with the 6 per cent

Table 10. Wage drift, 1954-58

	1954 Oct.	1955 Oct.	1956 Oct.	1957 Oct.	1958 Oct.
Weekly wage earnings (*October 1948=100*)	146½	159½	171	181	185
Wage rates (*October 1948=100*)	135½	144½	155½	164	170
Percentage excess of weekly earnings over rates index ..	*8*	*10½*	*10*	*10½*	*9*
of which					
Effect of sex-age changes and movements between industries	−¾	−¼	¼	¾	½
Estimated effect of changes in overtime and short-time	*4¾*	*5¾*	*4½*	*3¾*	*2½*
Residual: estimated effect of earnings for standard week increasing more than negotiated wage rates	*4*	*5*	*5¼*	*6*	*6*

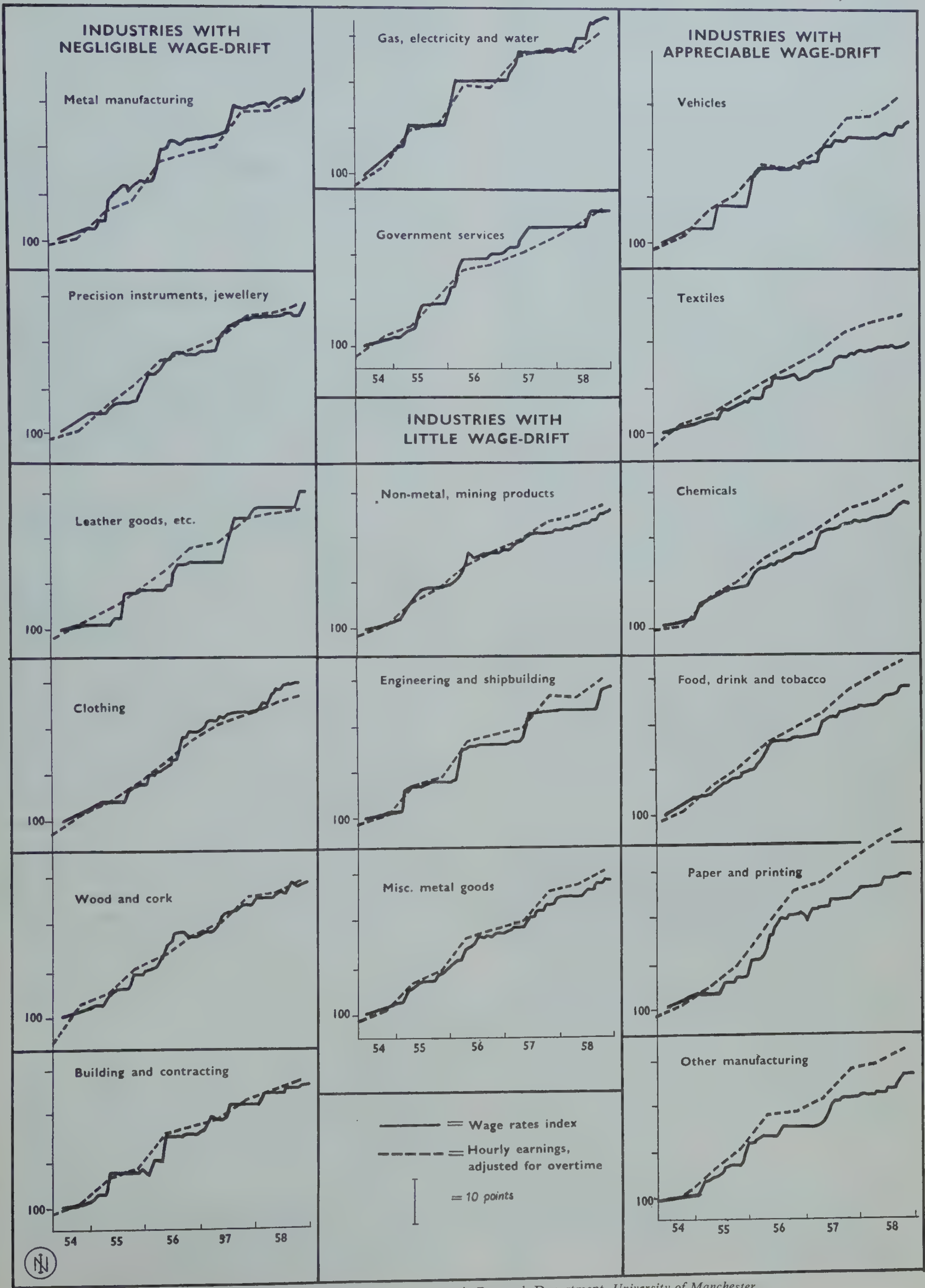
Source: Ministry of Labour earnings enquiries for the 'principal industries'; and NIESR estimates continuing those by Penrice (LCES *Bulletin*, September 1952 and December 1955) and L. A. Dicks-Mireaux (*ibid.*, September 1958).

(1) A. W. Phillips, 'The Relation between Unemployment and the Rate of Change of Money Wage Rates in the United Kingdom, 1861-1957', *Economica*, November 1958.

(2) Taken at face value, Professor Phillips' curve implies that if 'demand were kept at a value which would maintain stable wage rates the associated level of unemployment would be about 5½ per cent'. The curve is based on data for 1861-1913. The upper end of Professor Phillips' curve fits surprisingly well to post-war data. But for a variety of reasons, including the fact that neither the wage rates index nor the unemployment statistics used to calculate it have the same coverage as post-war statistics, it is doubtful how far the conclusions can be applied to present conditions.

Chart 7. Wage rates and earnings in different industries

Index numbers, 1954=100



Source: *Ministry of Labour Gazette*, and wage rates estimates by Economic Research Department, *University of Manchester*.

of the index. Thus by far the greater part of the increase in hourly earnings up to 1954, apart from changing overtime, can be attributed to national wage agreements.

In the boom year of 1955 the margin between weekly earnings and rates again widened, partly because of overtime, partly it appears because the drift was unusually big. Since 1955, the margin has not widened further, and last year it fell. This however was entirely due to the fall in hours worked. In aggregate—though not in each separate industry—wage drift appears to have ceased in 1958.

Chart 7 compares movements in wage rates and earnings in 17 industries. As in table 10, the earnings figures are adjusted to eliminate the effects of changes in hours worked, the adjustment being chiefly important in 1958: they are thus an estimate of actual earnings paid for a standard week. The wage rates indices are those prepared by the Economic Research Department of Manchester University.[1] The rates and earnings shown are those of adult workers. The correction for the effect of overtime is probably better than the aggregate correction used in table 10. The earnings figures for different industries, like the earlier figures, reflect many factors other than wage drift: for instance, when employment falls, it is usually the least skilled and least well-paid who are discharged first.

Bearing in mind the roughness and incompleteness of the data, the main facts appear to be these. In hardly any industry have the actual wages paid for a standard week risen less fast over the last four years than negotiated wage rates. In some eight industries the course of rates and actual earnings has been more or less identical. This group includes the building industry—though, with many small firms, earnings might have been expected to be flexible in the face of the fluctuations in demand which the industry has experienced. In some six industries the gap between a standard week's earnings and rates has widened appreciably—by 5 points or so in the four years. This does not appear to be connected with what is known about the prevalence of piecework and payment by results, for three of these industries (chemicals, food, drink and tobacco manufacturing, and paper and printing) are industries with relatively few workers who receive payment by results. In three other industries, including engineering and shipbuilding, the gap between earnings for a standard week and rates has widened a little since 1954.

These figures for individual industries bear out the impression that wage drift has not been particularly sensitive to demand conditions. Even in the unusually low demand conditions of 1958, there appear to have been as many industries where the gap widened as industries where it was constant or fell. Taking all industries together, the effect of recent demand conditions was to halt wage drift but not to reverse it. This is probably to be expected. Bonus payments must be easier to increase than to reduce; and payment by results must have been prevented from increasing, but not reduced, by the fact that output showed little rise in 1958.

The effect on productivity and labour costs

During the last three years output has barely risen; output per head has also risen much less rapidly than in previous years. Thus, though the rise in the labour bill was progressively slowed down, labour costs *per unit of output* continued to rise. Deflation has checked the growth of output per man and that has gone far to nullify its other effects in slowing down the rise in prices.

There is little doubt that, despite the almost stable level of output during the years 1956 to 1958, technical productive capacity has continued to expand; and that, if demand had been higher, output and output per head would have continued to grow at something more like the previous rate. A continued growth in output per head might also have been achieved in another way; it would have risen more, if, with nearly stable output, there had been a greater reduction in employment. The fact that employment fell relatively little during the last three years is explicable in various ways. Part of a firm's labour force represents an overhead, not closely adjustable in the short-run to the level of output. Firms may also be reluctant to discharge labour since this would worsen labour relations, or entail the disbandment of work teams. Difficulty may be expected in finding labour again, particularly skilled grades, should demand later rise. Moreover in few industries have sales fallen much, so that little adjustment may have seemed to be required. In 1958, though not in earlier years, there was however an appreciable adjustment of employment; working hours then fell too.

In the course of the three years 1956 to 1958, as table 11 shows, output per head in industry rose at an average rate of ¼ per cent a year, compared with 4½ per cent a year between 1952 and 1955. During 1956, output per head fell considerably; during 1957, there was a small rise, followed by a larger one during 1958. These short-term changes are difficult to interpret, and a good deal depends on the periods chosen. The figure shown for the change from the end of 1957 to the end of 1958 reflects the increase

[1] E. Devons and R. C. Ogley, 'An Index of Wage Rates by Industries', *The Manchester School of Economic and Social Studies*, May 1958. Figures for years after 1956 have kindly been made available to us by Mr. J. R. Crossley of Manchester University.

Table 11. Labour productivity and labour costs

Percentage changes

	1952-55 Average annual increase	Change(a) during year to: end-1956	end-1957	end-1958	Average end-1955 to end-1958
Industry					
Output ..	6½	−2½	1¼	− ½	− ½
Employment ..	1¾	− ¼	¼	−2¼	− ¾
Hours worked	¾	− ½	− ½	−1	− ½
Output per man	4½	−2¼	1	1¾	¼
Output per man-hour	3½	−1½	1½	2½	¾
Economy as a whole					
Output (GDP)	4½	− ½	1¼	¼	¼
Employment ..	1¼	¼	½	−1¼	− ¼
Output per man	3	− ¾	1	1½	½
Wages & salaries	7½	8	5½	3	5½
Total labour costs (including employers' insurance contributions) ..	7½	8	5¾	3¾	6
Labour costs per unit of output	*2¾*	*8½*	*4¼*	*3½*	*5½*

Source: *Appendix tables* 1, 2, 3 *and* 5; *Economic Trends; Ministry of Labour Gazette.*

(a) Based on comparison between fourth quarters (or, for weekly hours, the figures for October) in successive years.

in output at the end of 1958 when demand began to revive, together with the continuous decline in employment during the year.

Table 11 shows the effect that this had on the average labour cost of a unit of output: the figures are shown for the whole economy, including agriculture and service industries. Unit labour costs rose steeply in 1956, for wages and salaries rose even more rapidly than in previous years, while output per head fell. During 1958, wage and salary rates continued to rise, though more slowly, but the labour bill was reduced by the fall in employment and hours. Labour costs include the cost to employers of national insurance contributions, which were increased in 1958. Apart from that, labour costs per unit of output would have risen 2¾ per cent—about the same as in the boom years.

The lower demand conditions of recent years thus had two opposing effects. Labour productivity, though it still tended to rise, rose more slowly than in previous years of high demand; and, as previous sections have shown, the rise in wage and salary rates was also slowed down. As a net result, the rise in average unit labour costs was at first accelerated, and still continued in 1958.

The effect on profit margins

Tighter demand conditions have probably resulted in some narrowing of profit margins. This means that rising costs have not been fully passed on as higher prices.

Profits may be defined in two ways: either including stock appreciation, as in the definition usually employed in trading accounts, or after excluding stock appreciation. Table 12 shows both. Accounting profits tend to be high when the cost of materials rises rapidly.[1] Thus from 1948 to 1951, accounting profits were probably influenced not only by the high level of demand but also by the rise in commodity prices, which was particularly sharp after mid-1950. Commodity prices, as well as the pressure of demand, fell in 1952: the fall in accounting profits probably reflects both influences. Profits excluding stock appreciation were much more stable.

In recent years commodity price fluctuations, and hence changes in stock appreciation, have been less

[1] Accounting profits roughly measure the 'historical profit margin', that is, the margin between selling prices and the costs actually incurred in producing the goods currently being sold. When costs are rising, current costs will be higher than these historical costs; and the margin over current costs, which is roughly measured by profits net of stock appreciation, will be lower than accounting profits.

Table 12. Percentage profit margins

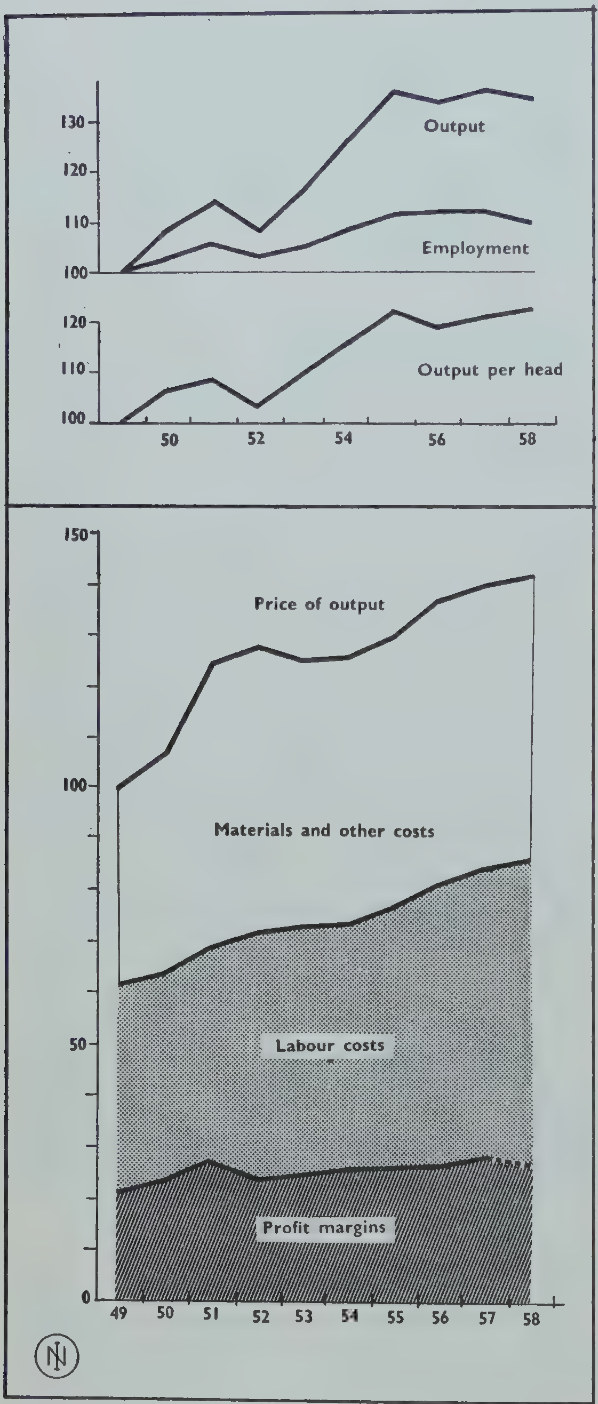
Percentages of value of final sales

	1948—51	1952—53	1954—55	1956	1957	1958
Income of self-employed	8.8	7.8	7.3	6.9	6.8	6.8
Profits of companies and public corporations	14.3	12.9	13.9	13.6	13.8	12.9
Total	**23.1**	**20.7**	**21.2**	**20.5**	**20.6**	**19.7**
less stock appreciation	*−2.7*	*+0.2*	*−0.6*	*−0.6*	*−0.4*	*+0.1*
Profit incomes excluding stock appreciation	**20.4**	**20.9**	**20.6**	**19.9**	**20.2**	**19.8**

Source: *National Income and Expenditure 1958* and *Cmnd.* 712.

Chart 8. Productivity, costs and prices in United Kingdom manufacturing industry[a]

Index numbers, 1949=100



Sources: *Monthly Digest of Statistics, Ministry of Labour Gazette, Board of Trade Journal, National Income Blue Book, NIESR estimates.*

(a) Excluding food, drink and tobacco.

The lower chart shows the contribution of labour costs and profit margins to the rise in prices. The cost of labour is estimated to have accounted for 40 per cent of the price of manufactured output in 1949. Since labour costs per unit of output increased by 47 per cent between 1949 and 1958, this accounts for 19 points of the rise in output prices. Trading profits accounted for 22 per cent of the price in 1949: their contribution in subsequent years is estimated from National Income and Inland Revenue data. The residual 38 per cent represents material and other costs, but changes in it may not be reliable.

important. But they may explain some of the fall in percentage accounting profits since 1955: percentage profits, exclusive of stock appreciation, have fallen relatively little.

It is probable that a recession in demand has a greater effect on profits in the short-term than it would over a longer term. It is likely that over a run of years prices will follow the trend of costs fairly closely, and will thus be influenced by the trend of wage rates and of productivity. In fixing prices, firms probably take account of the likely level of costs under normal conditions of working. When the pressure of demand falls, output per head is likely at first to stop rising or to fall, so increasing unit labour costs; but under such conditions prices are not likely to be raised correspondingly.

Chart 8 shows costs and prices in manufacturing trades (apart from food, drink and tobacco manufacturing). In the recession of 1952 output fell more than employment. The fall in output per head caused a steep rise in unit labour costs, which was not fully reflected in prices : accounting profits per unit of output fell. During the last three years the reduction in the pressure of demand has been more gradual, and reactions to it have been less marked. Profit margins did not fall with output per head in 1956. There was probably a fall in profit margins in 1958. The cost of materials also fell, so that the wholesale price of manufactures rose little.

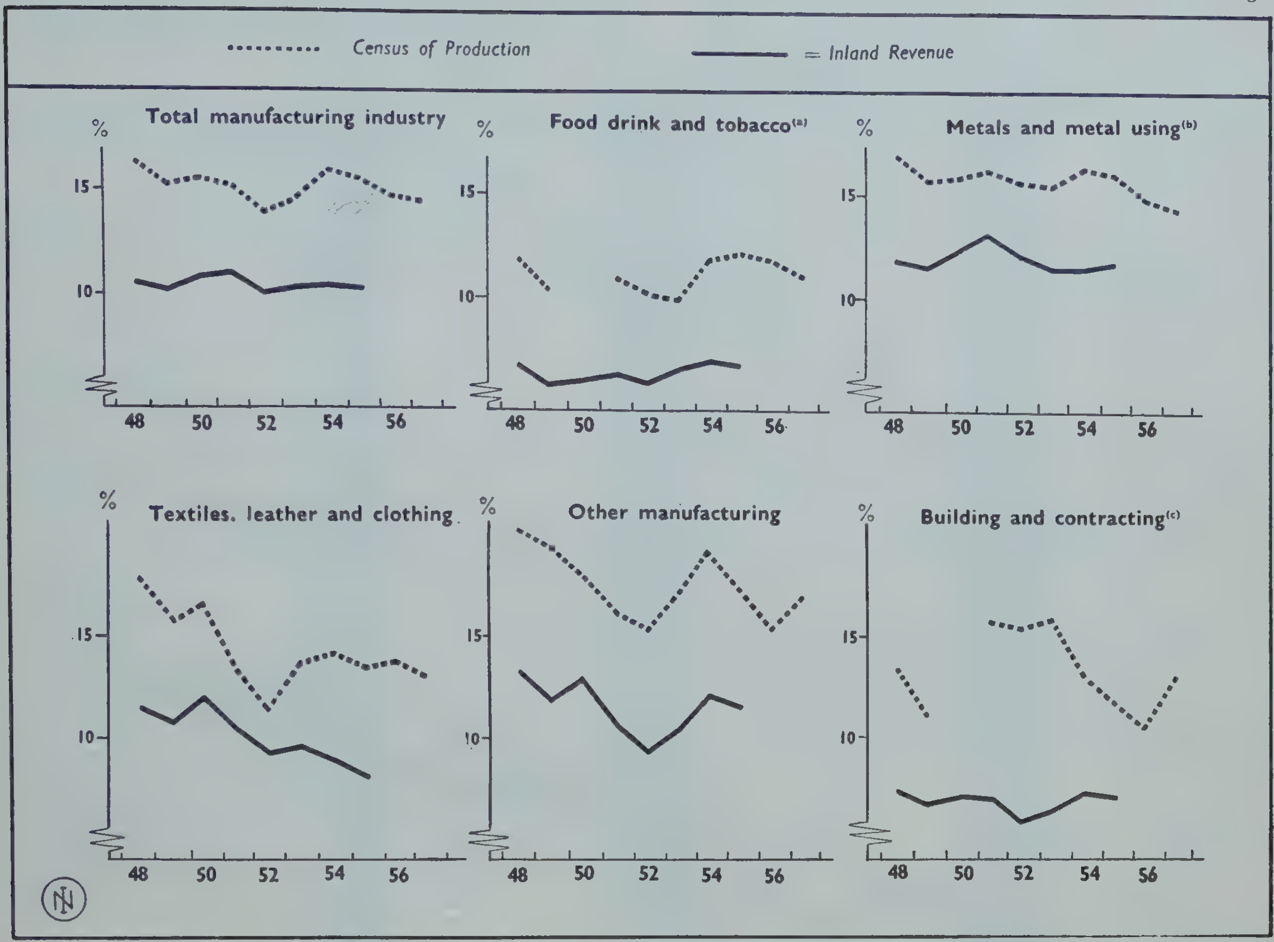
The behaviour of profits in different industries since 1948 is shown in chart 9. Probably the best indication of the profit margin is that provided by Inland Revenue statistics of profits as a percentage of turnover in different industries. From annual censuses of production it is also possible to obtain the difference between manufacturing industries' sales and the value of labour and materials used—a margin which ought chiefly to reflect variations in profits. The two series do not show identical movements.

During the 1952 recession, profits were most markedly affected in textiles and ' other manufacturing ', the two industry groups which suffered the largest decline in output. Apart from fluctuations arising in this way, percentage profits have tended to fall slightly over the last decade, a tendency particularly marked in the textile industries, where demand has been relatively low: between 1949-50 and 1955 Inland Revenue figures show a fall in textile profits from 11-12 per cent of turnover to 6 or 7 per cent. In most industries, however, profits were much more constant.

For comparison, the course of productivity and profits in American manufacturing industry through the three post-war recessions is shown in chart 10. Output has fluctuated more deeply in U.S. recessions than in this country, and employment and hours have

Chart 9. Profit margins

Percentages



Sources: *Inland Revenue Annual Reports; Reports of the Censuses of Production*, 1948 to 1957.

The Inland Revenue Reports give gross profits as a percentage of turnover for separate industries, which have been combined into the groups shown on the chart using as weights the estimated current turnover in each industry.

The gross margin derived from the annual Censuses of production is calculated as gross output *less* wages and salaries, the cost of materials and fuel used during the year, and payments for transport and work given out to other firms. The residual gross margin is shown as a percentage of gross output. This margin is typically 4-6 points higher than percentage profits. The main reason is that the Revenue figures are after deduction of various expenses additional to those mentioned above: notably rent, rates, interest on bank loans, advertising and other selling expenses, hire of machinery, the cost of insurance, pensions and welfare schemes, and bad debts. Both series are before deduction of depreciation, and in principle include stock appreciation. A minor difference is that the Census gross margin is expressed as a percentage of gross output, i.e. including output not sold but going to increase stocks, whereas the Revenue figures are expressed as a percentage of turnover or sales. Since stocks tend to increase with output, sales will be smaller than output when output is expanding, but in a recession sales tend to fall before output falls.

The Census figures are mainly based on returns from separate establishments, while the Revenue figures relate to financial units which frequently include more than one establishment. The coverage of the industry groups cannot therefore be identical for both series, but is probably fairly close for the manufacturing groups shown. The Revenue figures refer only to companies while the Census figures are intended to be representative of all firms. The Census figures have had to be adjusted (as indicated) to include less than the whole of some industries, in order to give a comparable series despite changes in coverage of successive Censuses: years where this is impossible, or when no Census was taken, are shown as breaks in the series.

The chart shows that the movements in gross profits and gross margins are fairly similar for the broad groups shown, except for building and contracting where the Inland Revenue series is probably the more reliable.

(a) The Census figures exclude the bread and flour confectionery, wholesale slaughtering and milk bottling industries. Information collected in the Census for 1950 was not comparable with other years.

(b) The Census figures exclude scrap metal processing.

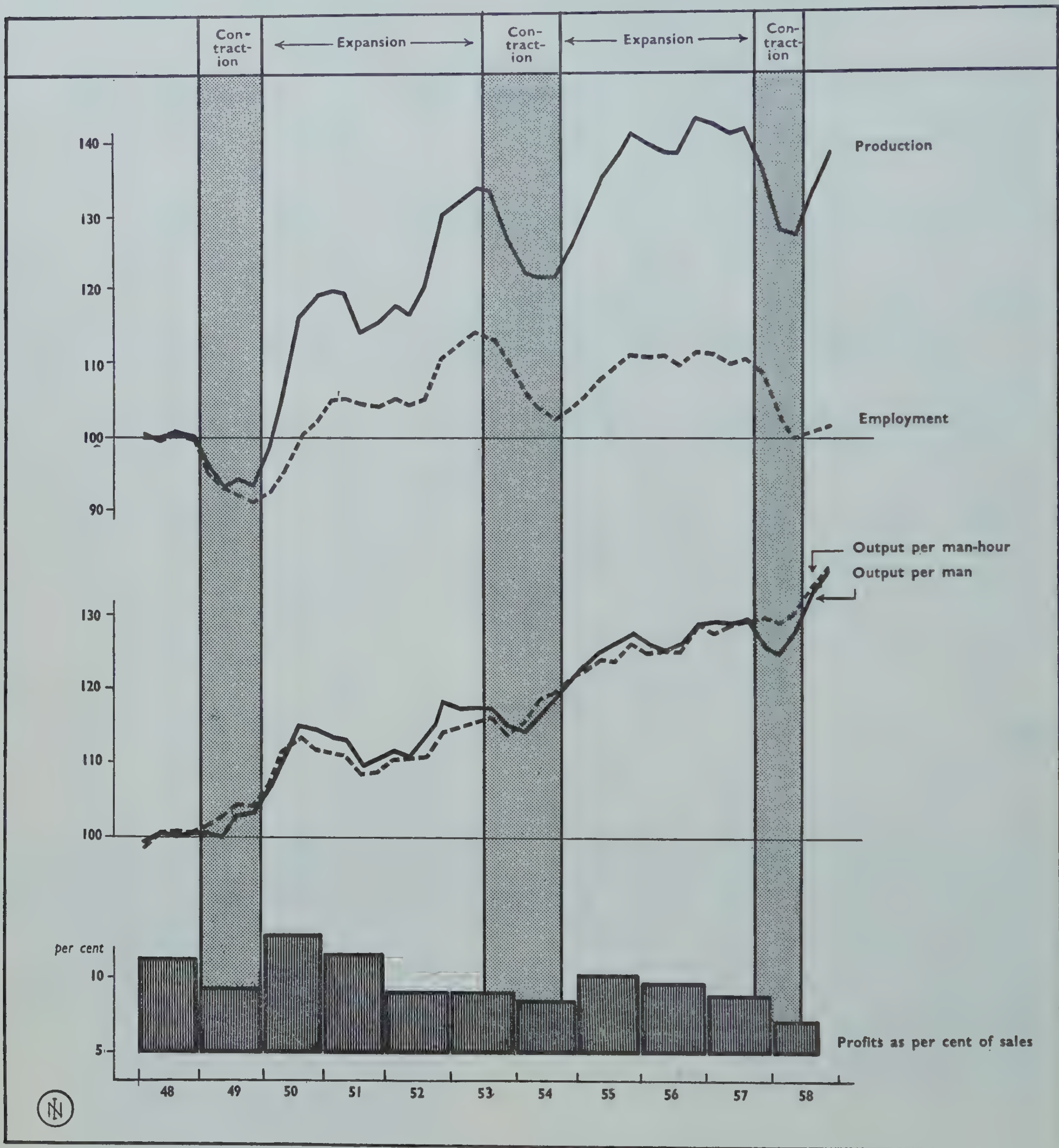
(c) No Census of production was taken for this industry in 1950.

also been more severely reduced. In each American recession there has been some tendency for output per head to fall off; the curve of output per manhour shows less pronounced dips. Manufacturers' prices actually fell only during the 1949 recession. But the extent of the profit fluctuations suggests that American industry is more ready than is industry in this country to shave margins when demand is weak.

Nevertheless the American recovery from the recent recession may provide some guide to what is likely to happen here. Industrial production, after falling 13 per cent in the winter of 1957-58, more than regained its pre-recession peak by March 1959. But over the same period employment in industry regained only one half its loss, and in March was still 3 per cent below August 1957. Productivity therefore rose steeply, output per man in manufacturing increasing by 7.5 per cent between the second quarter of 1957 and the first of 1958. Profits figures have already begun to show a large recovery.

Chart 10. Production, employment, productivity and profits in United States manufacturing industry

Index numbers, 1954=100, seasonally adjusted



Sources: *Federal Reserve Bulletin, Survey of Current Business, Federal Trade Commission, Securities and Exchange Commission.*

A parallel development in this country would have an important bearing on future price prospects. Output is likely to rise ; if employment rises little, as in America, output per head will also show a marked rise. But prices might not immediately reflect the rise in productivity, so that profits might be the first beneficiary.

The total effect on prices

Previous sections have shown that the lower pressure of demand during the last three years had several different effects, which partly offset each other. Wages and salaries rose more slowly. But the rise in output per head was checked too. Labour costs per unit therefore continued to rise, at first even faster

than before. Profit margins were probably reduced a little, though only in 1958. Table 13 is an attempt to summarise the main factors affecting prices over the last four years.[1]

Table 13. Summary of factors in cost and price changes, 1954 to 1958

Effect on index of final prices

	1954 to 1955	1955 to 1956	1956 to 1957	1957 to 1958
Total factor costs:[a] *points change in index (1954=100)*	+ 4.0	+ 5.9	+ 3.6	+ 2.6
Import costs, after adjustment for lags[b]	+ 1.2	+ 0.6	+ 0.5	− 0.8
Rent	− 0.1	+ 0.3	+ 0.2	+ 0.8
Other home costs ..	+ 2.9	+ 5.0	+ 2.9	+ 2.6
of which				
labour costs ..	*+ 2.2*	*+ 4.2*	*+ 2.2*	*+ 2.9*[c]
profits[d]	*+ 0.7*	*+ 0.8*	*+ 0.7*	*− 0.3*

Source: *National Income Blue Book; Economic Trends.*

(a) The estimates are derived by dividing the import bill and domestic incomes by the volume of domestic product at 1954 prices. This results in an estimate of final prices excluding indirect taxation : the calculations also excludes the 'residual error' of the official national income statistics.

(b) The lag may roughly be allowed for by deducting stock appreciation; for though stock appreciation arises in part through rising home costs, *changes* in stock appreciation have been mainly due to changes in the trend of import costs.

(c) Including increase in employers' insurance contributions.

(d) Includes, on a trading profit definition, the profits of companies, self-employed incomes, and the surpluses of public corporations and enterprises.

Apart from the policy of restraining demand, government policy had more direct effects on prices. Decontrol caused a continuing rise in house rents which, as the next section shows, had an appreciable effect on the consumer prices index. The increase in national insurance contributions accounts for part of the rise in labour costs in 1958 (see page 21): the effect on prices must have been almost as large as that of the rise in rents. Though central government indirect taxes changed little, local authority rates have been rising. Taken together, the rise in rents and insurance contributions were equivalent to a price rise of 1 per cent from 1957 to 1958.

The evidence is not of the sort from which precise conclusions can be drawn; nor is it certain that what happened once would happen again. The most reasonable interpretation would be that the first effect of the gradual reduction in demand was to accelerate the rise in home costs. The rise later slowed down. But the rise between 1957 and 1958 was not much less rapid than in the boom years. Even if one considers the trend *during* 1958 home costs continued (as earlier discussion shows) to rise, though more slowly.

It is difficult to say how far the fall in import prices in the latter half of 1957 was the result of deflation in Britain. By deflation, Britain, along with other industrial countries, checked the growth of her demand for primary products. That must have contributed something to the fall in primary prices. The result, not premeditated, was that Britain and other industrial countries achieved greater price stability, partly at the expense of primary producers whose incomes were reduced.

Special factors in retail prices

Consumer prices appear to have risen rather more than the general price level since the beginning of last year. If one looked only at the official index of retail prices, this might seem a continuation of the trend apparent over the last decade (see chart 5). But the same is not true of consumer prices measured on a broader basis,[2] which have followed closely the general price trend. The main reason for this difference in trend is that food has a relatively high weight in the official index; and that, partly but not wholly because of the reduction in food subsidies over the last decade, food prices have risen particularly fast. During the last twelve months, the retail price index has increased little more than the average of consumer prices.

There were two main reasons for the continuing rise in consumer prices. First, house rents were still being affected by the decontrol of rents. Together with a continued rise in local authority rates this raised the cost of housing by nearly 7 per cent between the beginning of 1958 and the beginning of 1959 (accounting for 0.7 points of the 2.3 points increase in the cost of living: table 14). Even more important was the rise in food prices, which rose 4 per cent over the same period—enough to account for the rest of the rise in the retail index. If it had not been for these two increases, retail prices would have been stable.

Some food prices—chiefly potatoes, tomatoes and apples, but also milk, bacon and eggs—vary a lot through the year as supplies vary. Since the timing of these fluctuations is not regular from year to year, they cannot be allowed for by normal methods of seasonal correction. Most of the fluctuation has however been in fruit and vegetable prices: it was their fall which caused the retail price index to fall between

[1] Being based on a comparison of calendar years, it shows broad trends but not all the short period changes: for instance, some of the rise in prices shown between 1957 and 1958 occurred in 1957, and during 1958 itself prices on average rose only 1 to 1½ per cent.

[2] The retail price index is based on the pattern of expenditure of working-class and medium salary households. Chart 5 also shows an index of overall consumer prices, an average value index based on consumers' total expenditure.

Table 14. The rise in retail prices

	Weight in index	1957 1st Qtr.		1958 1st Qtr.		1959 1st Qtr.	
Index of retail prices (*17 January 1956=100*)	*1,000*		104.3		108.0		110.3
Points change			**3.9**		**3.7**		**2.3**
of which							
Food	*350*		**0.9**		**0.6**		**1.5**
Housing	*87*		**0.4**		**1.1**		**0.7**
Manufactures[(a)]	*382*		1.2		1.0		– 0.1
Household durables	*66*	*0.1*		*0.0*		*– 0.1*	
Clothing and footwear	*106*	*0.1*		*0.2*		*– 0.1*	
Other	*210*	*1.0*		*0.8*		*0.1*	
Fuel, light, transport and services	*181*		1.4		1.1		0.1

Source: *Monthly Digest of Statistics.*

(a) The price of new motor vehicles is not represented in the official retail price index: that of second-hand cars is included as part of the cost of transport.

April and July last year. To give some idea of the underlying trend of food prices, chart 11 shows the effect of removing fruit and vegetable prices from the food index. Other food prices are seen to have risen 4½ per cent during 1958; they fell somewhat in 1957 and rose about 5 per cent during 1956.

It is not clear why food prices have continued to rise in this way. The general trend since 1955 has been for the cost of imported food and feeding stuffs to fall slowly—though with short-term fluctuations which have in fact been reflected in retail prices. Though the cost of home food production has been rising, the rise is not enough to account for the rise in retail food prices; and last year the rise appears to have been small. This suggests that the costs of processing food and distributing it may have risen: these costs account for about half the value of food as bought in the shops.[(1)]

The retail price of manufactures, after rising about 3 per cent a year in both 1956 and 1957, fell fractionally in 1958. In this it followed very closely the wholesale price index of manufactures—whose recent stability is largely accounted for by the previous fall in the cost of materials (see page 22). Distributors' margins appear therefore to have been about constant, as percentages.[(2)] The fall in the retail price of some durables—radio and television sets in particular—is chiefly due to the reductions in purchase tax : without these, retail prices of durables might have risen during 1957 and fallen very little during 1958. The slight fall in retail clothing prices results from the large fall in wool prices.

[(1)] It is hoped to give a more detailed analysis of the rise in food prices in a future number of this *Review.*

[(2)] Though movements in the components of the retail and wholesale price series for manufactures can be compared in some detail this comparison can hardly be exact.

The price of fuel, light, transport and services increased by only 1 per cent during 1958, as against 5½ per cent in 1957 and 7½ per cent in 1956. Such prices depend as to about one half on the prices charged by the nationalised industries, which after the increases of previous years were raised little.

During the next twelve months the rise in consumer prices is unlikely to be much larger, if at all, than the general price rise. The Budget reductions in purchase tax and the beer duty (see page 8) will reduce consumer prices rather under 1 per cent. Last year, the effects of rent decontrol were still being seen: from now on any rise in rents—a small component in the index—should exert little influence. Even if food prices continue to rise, the rise in consumer prices may therefore be small.

THE PROSPECT FOR PRICES

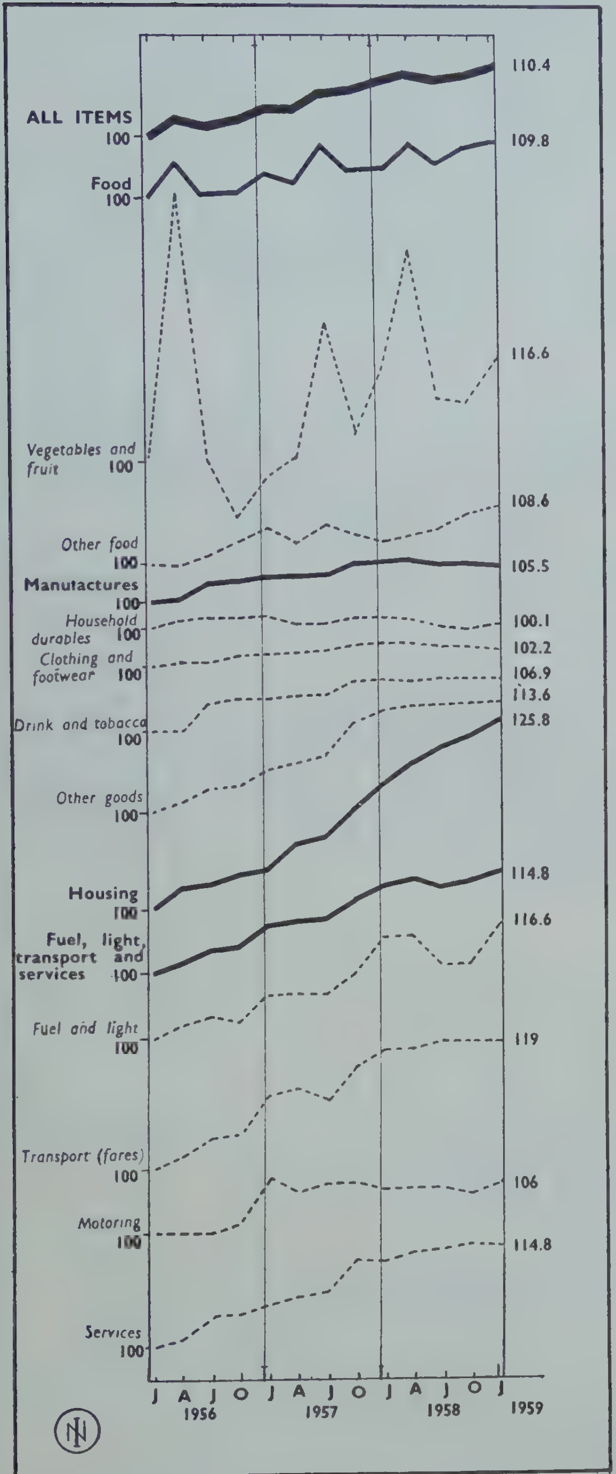
Expanding output (the prospects for which have already been discussed in the first article of this Review) will bring some increase in employment. The pressure of demand is likely nevertheless to remain relatively low, and this is bound to influence wage negotiations this year. The main question is how wage increases are likely to compare with the increase in productivity.

The state of the wage round

It is clear that there will be a new round of major negotiations in 1959 between unions and employers' associations ; but claims for wage increases appear so far to be less clearly formulated than in recent years. The case for straight wage increases is not so strong as in previous years: retail prices have risen little, and less prosperous conditions are reflected in lower profits. No doubt partly for this reason several claims have been made for shorter working hours,

Chart 11. Retail prices

Index numbers, January 1956=100



Source: *Monthly Digest of Statistics.*

either in addition to, or as alternatives to, wage increases.

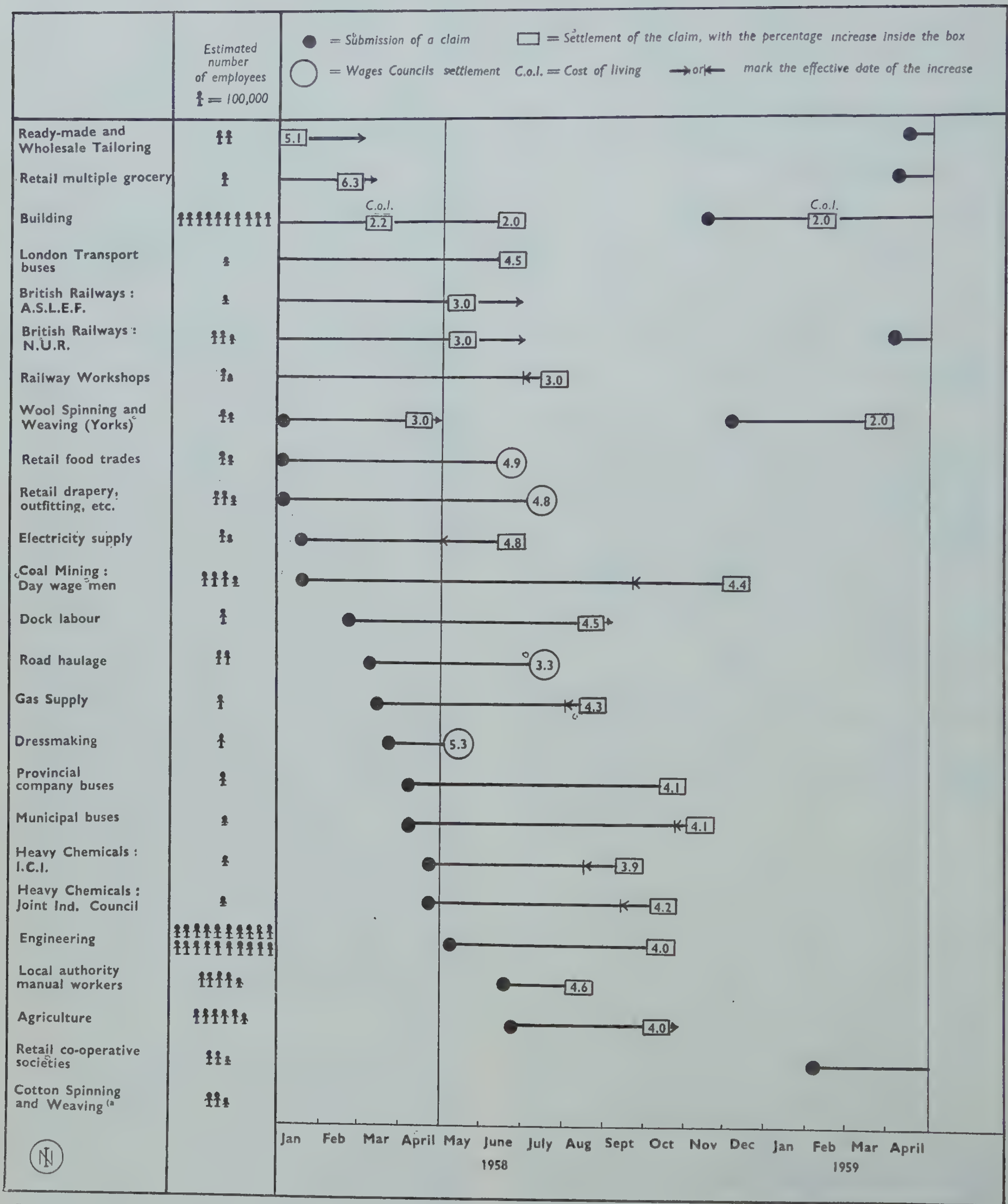
Chart 12 shows the timing of claims and awards last year, and the present position of this year's claims, for 25 of the major 'bargaining groups' for which information is available. In all, the 25 groups represent nearly half the total of 14½ million manual workers. This includes some Wages Council industries (separately distinguished on the chart). The amount of the award (expressed as a percentage increase for the lowest-paid male grade) is entered at the date when agreement was reached: back-dated or post-dated awards are shown by arrows.

From present indications, the wage round now seems less advanced than last year. By the end of April 1958, 16 of the groups had submitted claims: this year the number is six. Though the interval between notification and settlement of claims has varied considerably from year to year, the lateness of the claims suggests that awards may be postponed even later into the year than in 1958.

The present position of the half-dozen or so major wage claims outstanding is as follows. The *builders* claim for 4d. an hour (about 7 per cent) has been rejected: this was in addition to the 1d. an hour (about 2 per cent) cost-of-living increase made in February under the sliding-scale agreement. The *Tailors and Garment Workers* are beginning their round in the ready-made and wholesale bespoke section, with a claim based on cost-of-living changes coupled with a claim for a progressive reduction of hours over the next three years: the claim is now being considered by the manufacturers' federation. The present agreement in *printing* expired in April. The employers have rejected claims for wage increases of 19s. to 28s. (10 to 13 per cent for craftsmen) and for a forty-hour week : the unions have balloted their members about the action they will take to support the claims. The *National Union of Railwaymen* are asking for a 'substantial' wage increase : the claim was not supported by the other unions on the grounds that the committee of inquiry into railway pay is in the middle of its proceedings. The award to the *pottery workers*, though a small union, is worth mention. Arbitration resulted in an award of 3 per cent: this came 13 months after the previous wage increase, and compares with the unions' claim for 5 per cent.

Concentration on claims for shorter hours has been a serious possibility in three major unions. The union of *Post Office Workers* made a claim in January for a reduction in weekly hours for manipulative grades to 44 a week (reckoned in this case inclusive of lunch breaks): this has been rejected but negotiations continue. The *National Union of Mineworkers* have three claims to present: a seven-hour shift for underground workers, a forty-hour week for surface workers, and a third week's paid holiday. The first will probably be the first claim to be submitted to the National Reference Tribunal; the outcome may not be known for several months. The *Amalgamated*

Chart 12. Wage demands, 1958 and 1959



Sources: Information provided by Unions to NIESR: *Ministry of Labour Gazette*.
(a) No claim was submitted during this period.

Engineering Union, however, has now rejected its president's proposal to concentrate on a claim for reducing hours (from 44 to 40), voting instead for a wage claim of 15 per cent in addition to claims for a 40-hour week and a third week's paid holiday. The decision not to concentrate exclusively on claims for shorter hours is likely to determine the attitude at its June meeting of the Confederation of Shipbuilding and Engineering Unions, of which the A.E.U. is a major member.

The discussion of claims for shorter hours has not made the economic implications clear. It seems likely that the result would be first, an increase in overtime; and probably also some reduction in hours without adjustment of weekly rates of pay, that is with some rise in hourly rates. In either case the effect on costs could well be as large as straight wage awards. It is too soon to judge whether such claims, if pressed, would be successful: rejection would probably lead to the later submission of straight wage claims. It now looks more likely, however, that attention will be concentrated on straight wage claims, and that claims for shorter hours will be secondary.

Although it seems likely also that the size of wage increases will be moderate, as well as delayed, there is probably something like a minimum whose acceptance union leaders can recommend to their members; few settlements in the last 10 years have been for less than 3 per cent. In present economic conditions the wage awards may keep close to this sort of minimum.

The implications for prices

Conditions in the coming year should be favourable to price stability. Expansion is being resumed and should bring with it faster increases in productivity; on the other hand, the pressure of demand should remain moderate.

The likely rise in output cannot be exactly predicted. The discussion in the first article of this Review suggests that the domestic product may rise in the year ahead by 3 or 4 per cent. Employment should rise relatively little, and output per head in the economy as a whole might rise by 2 or 3 per cent.

As output rises, however, there will be increases in wage earnings over and above the increase due to higher wage rates. Overtime payments will tend to rise; and the margin between rates and earnings will be further increased by higher productivity bonuses and payment by results. With an increase in wage rates of 3 per cent, wage earnings might increase by 3½ or 4 per cent. This is larger than the expected increase in output per man. But the increase in wage rates is not likely to take place until late in the year and in the meantime labour costs may fall, leaving the immediate fruits of higher productivity to profits.

The reductions in indirect taxation introduced in the Budget will help to keep prices down. There is always the risk that, as recovery gets under way here and abroad, import prices will rise; but any increase in import prices would raise final prices only after some delay.

There is thus a better chance than in previous years that prices will remain stable. If there is any rise in prices, it should be small.

Errata : National Institute Economic Review, Number 2, March 1959

Page 23, *col.* 2, *line* 36 : *Delete* from ' But these figures . . .' to end of paragraph. (It should be noted that the figures quoted here were wrong.)

Page 24, *penultimate line of col.* 1 *to line* 3 *of col.* 2 :

For : Secondly, European countries . . . . in the third quarter.

STATISTICAL APPENDIX

The Home Economy

Symbols and conventions used

.. = not available.

— = nil or less than half the final digit shown.

billion = thousand millions.

Items may not always add to totals, because of rounding.

A horizontal bar across a column indicates a discontinuity in the series.

Italics are used where NIESR has added estimates to figures published elsewhere—for instance, when an estimated later figure is added.

Table 1. Gross domestic product

Seasonally adjusted

	Expenditure									Output					
	Consumers' expenditure	Public authorities' current spending	Gross fixed investment	Value of physical stock change	Exports of goods and services	**Total final expenditure**	*Less* Imports of goods and services (a)	Statistical discrepancy	**Gross domestic product**	**Gross domestic product**	Industrial production (b)	Agriculture, etc.	Transport, communication	Distribution	Other services
	£ million, 1954 factor cost, quarterly averages									*Index numbers, 1954 = 100*					
1948	2,262	584	433	+ 60	620	3,959	719	− 4	3,236	83	77.0	85	81	85	95
1949	2,329	634	472	+ 25	694	4,154	770	− 3	3,381	86	82.0	91	85	90	95
1950	2,406	629	497	− 65	794	4,261	776	+ 37	3,522	90	87.5	92	89	92	95
1951	2,363	679	500	+140	832	4,514	892	− 2	3,620	93	90.6	94	92	91	97
1952	2,343	752	503	—	816	4,414	809	− 29	3,576	91	88.0	97	95	88	98
1953	2,442	764	557	+ 35	811	4,609	861	− 19	3,729	95	93.3	98	98	94	99
1954	2,561	758	605	+ 13	879	4,816	903	—	3,913	100	100.0	100	100	100	100
1955	2,651	749	634	+ 73	940	5,047	996	+ 11	4,062	104	105.1	101	104	102	101
1956	2,686	757	664	+ 64	996	5,167	1,020	− 56	4,091	105	105.5	106	105	103	101
1957	2,738	735	694	+ 83	1,007	5,257	1,057	− 37	4,163	106	107.4	109	107	106	102
1958	2,800	731	692	+ 19	974	5,216	1,042	− 26	4,147	106	106	109	107	108	103
1956 III	2,678	767	662	+ 57	994	5,158	1,019	− 54	4,085	104	105	108	105	103	101
IV	2,695	759	681	+ 94	1,026	5,255	1,030	−120	4,105	105	106	108	105	104	102
1957 I	2,715	731	688	+106	1,002	5,242	1,071	− 39	4,132	106	107	108	105	105	102
II	2,743	750	687	+ 82	1,016	5,278	1,023	− 72	4,183	107	108	108	107	106	102
III	2,730	738	699	+ 98	1,008	5,273	1,093	+ 3	4,183	107	108	109	107	106	102
IV	2,760	722	702	+ 47	1,000	5,231	1,041	− 38	4,152	106	107	109	107	106	103
1958 I	2,786	719	699	− 14	968	5,158	1,026	+ 16	4,148	106	107	109	106	107	102
II	2,785	737	685	− 10	969	5,166	1,012	− 26	4,128	106	106	109	107	106	102
III	2,775	737	694	+ 58	980	5,244	1,088	− 28	4,128	106	105	108	107	107	103
IV	2,855	731	689	+ 42	978	5,295	1,040	− 72	4,183	107	106	108	109	111	103
1959 I	*2,820*	. .	. .	. .	*960*	. .	*1,020*	. .	*4,200*	*107*	*107–8*	*108*	*110*	*110*	*103*

See notes, page 43, for change to this table. (a) Not seasonally adjusted. (b) For details see table 2.

Table 2. Production and employment in industry

Index numbers, 1954 = 100, seasonally adjusted

	Production							Employment(b)							Output per person employed in industry
	Total industrial production	Building, contracting	Mining, public utilities	**Total manufacturing**	Metals, metal using	Textiles, leather, clothing	Other manufacturing	**Total industrial production**	Building, contracting	Mining, public utilities	**Total manufacturing**	Metals, metal using	Textiles, leather, clothing	Other manufacturing	
Weight(a)	1,000	120	120	760	374	114	272	11.38	1.31	1.24	8.83	4.31	1.70	2.82	
1948	77.0	86.7	82.3	75.0	73.1	86.5	73.6	91.8(c)	98.2(c)	96.3(c	90.2(c)	90.2(c)	94.3(c)	87.8(c)	84
1949	82.0	90.8	85.9	80.2	77.5	93.6	79.0	93.3	98.3	97.3	92.0	90.0	98.6	91.1	88
1950	87.5	90.8	89.1	86.9	83.8	101.1	85.8	95.3	98.4	97.1	94.6	91.8	102.1	94.3	92
1951	90.6	87.2	93.1	90.8	89.5	99.9	89.5	97.3	98.9	98.0	97.0	94.5	102.9	97.4	93
1952	88.0	89.9	94.8	86.7	89.3	85.0	84.9	96.9	97.8	100.3	96.2	96.9	94.9	96.1	91
1953	93.3	96.3	96.3	92.4	91.2	98.0	92.0	97.9	98.6	100.5	97.4	97.1	99.1	96.9	95
1954	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100
1955	105.1	100.2	101.6	106.5	109.7	99.3	105.0	102.2	102.0	99.9	102.6	104.6	97.2	102.7	103
1956	105.5	105.7	103.4	105.8	108.2	98.5	105.5	102.9	105.0	99.6	103.1	105.9	95.9	103.1	103
1957	107.4	105.7	103.8	108.2	111.5	98.4	107.9	103.0	104.3	100.5	103.1	106.0	95.2	103.4	104
1958	106.1	105.1	103.3	106.7	109.9	91.2	108.4	101.4	102.3	99.3	101.6	105.4	89.8	103.1	105
1957 I	107	108	103	107	109	100	108	102.8	105.6	100.5	102.7	105.1	95.8	103.1	104
II	108	107	104	108	111	100	108	102.9	104.3	100.5	103.0	105.6	95.9	103.2	105
III	108	103	103	110	114	99	108	103.2	104.1	100.4	103.4	106.6	95.2	103.6	105
IV	107	105	104	108	112	94	107	102.9	103.4	100.5	103.2	106.8	93.7	103.5	104
1958 I	107	105	104	108	112	94	108	102.3	102.4	100.4	102.6	106.4	92.1	103.1	105
II	106	104	103	106	110	90	109	101.7	101.6	99.4	102.0	105.9	90.4	103.1	104
III	105	105	101	106	109	90	108	101.2	102.3	98.7	101.4	105.1	88.8	103.3	104
IV	106	107	104	107	109	92	110	100.5	102.7	98.5	100.5	104.1	87.8	102.7	106
1959 I	*107–8*							100.1	101.7	98.0	100.2	103.9	87.2	102.4	107
1958 Oct.	105		102	106	107	93	110	100.7	102.2	98.5	100.8	104.3	88.1	103.1	105
Nov.	107	107	105	107	109	93	111	100.6	103.2	98.5	100.5	104.1	87.8	102.6	106
Dec.	107		106	107	111	90	109	100.3	102.7	98.4	100.2	103.9	87.5	102.3	107
1959 Jan.	107–8		106	108	111	88	111	100.1	101.4	98.4	100.1	103.7	87.3	102.3	108
February	107		104	107				100.1	101.5	98.0	100.2	103.9	87.1	102.4	107
March	107–8							100.2	102.1	97.7	100.3	104.0	87.1	102.5	107

(a) For employment, numbers in millions in 1954. (b) For employment in services, etc., see table 3. (c) End-June, seasonally adjusted.

Table 3. The labour market

Seasonally adjusted

	Employment					Demand for labour			Unemployment by industry						Net overtime per head in manufacturing (b)
	Total civil employees	Agriculture etc.	Transport, communications	Distribution	Other services	Unemployment	Unfilled vacancies	Excess demand (a)	Metals, metal using	Textiles, leather, clothing	Other manufacturing	Building, contracting	Mining, public utilities	Transport, other services	
	Index numbers, 1954 = 100					*Percentage of total employees*									*Weekly hours*
1948	94.4(c)	113.7(c)	103.6(c)	88.0(c)	97.3(c)	1.50	2.30	0.68	1.54	0.87	1.35	2.64	0.41	1.62	..
1949	95.1	109.4	103.5	90.9	96.3	1.52	1.95	0.42	1.34	0.79	1.26	2.90	0.38	1.72	..
1950	96.5	111.0	103.1	91.8	97.0	1.53	1.77	0.27	1.18	0.84	1.28	2.83	0.41	1.80	..
1951	97.5	106.4	102.2	93.1	97.0	1.19	2.01	0.69	0.83	1.13	0.99	2.05	0.33	1.46	..
1952	97.4	104.0	102.0	94.4	97.3	1.99	1.34	−0.27	1.17	6.01	1.71	2.83	0.38	1.86	1.0
1953	98.0	101.1	100.7	96.6	97.6	1.64	1.33	−0.04	1.33	1.35	1.50	2.86	0.41	1.86	1.8
1954	100.0	100.0	100.0	100.0	100.0	1.34	1.56	0.29	0.92	1.05	1.18	2.50	0.36	1.58	2.0
1955	101.3	97.8	99.3	103.0	99.8	1.08	1.91	0.73	0.63	1.34	0.98	1.76	0.27	1.27	2.1
1956	102.1	91.6	99.5	105.7	100.8	1.19	1.66	0.46	0.94	1.23	1.08	2.01	0.29	1.30	1.9
1957	102.5	91.2	99.9	108.3	101.2	1.43	1.27	0.01	1.07	1.12	1.25	2.83	0.40	1.60	1.9
1958	101.7	89.5	98.6	108.4	102.1	2.10	0.90	−0.67	1.76	3.15	1.71	4.00	0.65	2.09	1.4
1957 I	102.3	93.4	100.1	107.5	101.0	1.51	1.26	−0.06	1.42	1.17	1.57	2.86	0.42	1.61	1.8
II	102.5	91.9	100.0	108.3	101.3	1.45	1.23	−0.04	1.13	1.16	1.27	2.93	0.39	1.65	2.0
III	102.6	90.2	99.6	108.6	101.2	1.37	1.31	0.10	0.81	1.00	1.03	2.71	0.38	1.59	2.0
IV	102.5	89.4	99.7	108.7	101.3	1.40	1.27	0.03	0.93	1.17	1.14	2.82	0.41	1.57	2.0
1958 I	102.1	88.3	99.4	108.1	101.5	1.71	1.09	−0.30	1.36	2.05	1.63	3.49	0.58	1.78	1.7
II	101.8	88.2	98.9	108.2	102.0	2.07	0.86	−0.68	1.72	3.46	1.71	3.91	0.63	2.05	1.2
III	101.7	89.8	98.2	108.6	102.4	2.22	0.80	−0.77	1.77	3.62	1.61	3.94	0.66	2.22	1.2
IV	101.3	91.9	98.0	108.8	102.3	2.40	0.85	−0.92	2.19	3.47	1.90	4.65	0.75	2.30	1.5
1959 I	100.9	87.4	97.5	108.6	102.2	2.51	0.85	−0.67	2.20	3.26	2.25	5.93	0.95	2.39	1.5
1958 Dec	101.0	89.2	97.9	108.5	102.1	2.38	0.89	−0.89	2.15	3.30	1.95	4.83	0.76	2.30	
1959 Jan.	100.9	88.0	97.6	108.4	102.2	2.56	0.91	−1.08	2.19	3.38	2.27	6.62	0.88	2.41	
February	100.9	88.0	97.5	108.6	102.2	2.58	0.83	−1.08	2.24	3.30	2.30	6.27	1.00	2.42	
March	100.9	86.2	97.3	108.7	102.3	2.39	0.82	−0.93	2.16	3.10	2.17	4.91	0.98	2.33	
April						2.36	0.83	−0.9	2.13	2.79	2.09	4.74	0.94	2.39	

(a) NIESR index based on unemployment and vacancies. (b) Not seasonally adjusted. (c) End-June, seasonally adjusted.

Table 4. Prices

Index numbers, 1954 = 100

	Capital goods				Export prices	Retail prices	Consumer goods and services								Total final prices
	All assets	Plant, vehicles, etc.	Dwellings	Other building			Total	Food	Drink, tobacco	Housing (inc. rent and rates)	Durable goods	Clothing	All other goods	Services	
1948	78	76	79	81	78	75.7	79.7	67.8	99.1	79.4	84.9	82.2	82.9	79.7	78.4
1949	79	78	80	81	81	77.8	81.3	70.8	98.1	80.9	83.6	85.6	83.6	81.9	80.2
1950	81	81	81	81	85	79.9	83.5	74.8	97.0	83.1	87.0	86.6	85.7	84.4	83.0
1951	90	87	94	91	100	87.6	91.1	83.2	98.3	88.4	99.1	100.4	95.2	90.1	92.2
1952	99	97	104	100	105	95.3	96.5	92.5	99.5	92.5	105.9	100.1	100.4	95.4	98 2
1953	100	100	101	100	101	98.3	98.1	96.2	99.8	97.3	102.2	99.2	99.3	97.8	98.8
1954	100	100	100	100	100	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1955	105	104	106	106	102	104.5	103.4	105.9	100.5	103.5	101.4	100.6	103.0	104.2	103.5
1956	111	110	110	111	106	109.7	107.9	109.8	103.9	107.8	108.5	102.5	109.3	110.0	108.5
1957	115	116	113	116	111	113.8	111.0	112.3	106.4	114.8	110.4	104.1	112.9	113.7	112.4
1958	119	120	114	119	110	117.2	113.9	114.1	108.7	127.8	110.2	104.9	114.4	118.5	115.1
1957 I	112	112	112	112	110	112.1	109.3	110.1	105.2	110.2	110.2	103.2	111.9	112.2	110.6
II	114	114	113	114	110	112.9	110.6	112.7	106.1	113.7	110.8	103.8	111.7	112.4	111.9
III	116	117	114	117	112	114.4	111.5	113.8	106.4	114.3	110.4	104.5	112.6	113.8	113.1
IV	118	118	114	119	111	115.8	112.3	112.6	107.7	121.0	110.0	104.9	115.2	116.3	113.8
1958 I	118	120	114	118	110	116.2	113.3	112.7	108.1	123.8	111.3	105.3	115.2	118.2	114.5
II	119	120	114	119	110	117.9	114.7	115.7	109.3	126.9	110.6	105.4	114.1	120.2	115.7
III	119	120	116	120	110	116.6	113.3	112.6	108.7	129.4	109.6	104.5	113.5	117.4	114.8
IV	119	120	115	119	109	118.1	114.2	115.5	108.7	131.1	109.4	104.5	114.6	118.5	115.2
1959 I					109	118.6	*114.7*	*116.2*	*108.7*	*132.8*	*109.6*	*104.0*	*115.7*	*118.8*	
1958 Dec					110	118.5	*114.5*	*116.2*	*108.7*	*131.8*	*109.4*	*104.5*	*115.6*	*118.6*	
1959 Jan.					109	118.7	*114.8*	*116.8*	*108.7*	*132.5*	*109.6*	*104.0*	*115.6*	*118.4*	
February					109	118.6	*114.7*	*116.1*	*108.7*	*132.9*	*109.6*	*104.0*	*115.7*	*118.7*	
March					109	118.6	*114.7*	*115.8*	*108.7*	*132.9*	*109.6*	*104.1*	*115.9*	*119.2*	

See note, page 43, for changes to this table.

Table 5. Wages, profits, and other costs

Index numbers, 1954 = 100

	Weekly wage rates	Wage rates by industry: Metals, metal-using	Textiles, leather, clothing	Other manufacturing	Mining, public utilities	Building, contracting	Agriculture forestry, fishing	Services	Income from employment (a): Total	Per unit of output	Profits of companies and public corporations	All property income: Total	Per unit of output	Import prices	Materials used in manufacturing industry
1948	74.6	73.5	74.3	73.0	74.3	72.8	75.1	75.6	65.9	79.7	65.1	70.0	84.6	73	..
1949	76.7	76.0	77.6	75.5	74.9	74.7	77.8	77.3	70.3	81.4	68.1	73.0	84.5	74	..
1950	78.1	76.9	79.3	77.2	76.1	76.6	79.0	78.9	74.1	82.3	79.0	81.3	90.3	85	..
1951	84.6	83.5	86.0	84.1	83.5	83.0	84.5	84.9	82.4	89.1	93.3	89.9	97.2	113	..
1952	91.6	91.5	91.6	92.6	92.2	90.5	91.7	91.4	88.8	97.2	84.0	85.3	93.3	111	..
1953	95.8	95.8	96.0	96.6	95.6	95.4	95.9	95.6	93.6	98.2	89.7	91.2	95.7	101	..
1954	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100	100.0
1955	106.9	106.8	104.9	106.1	107.7	106.2	105.6	106.2	109.2	105.1	109.8	107.1	103.2	103	103.0
1956	115.4	115.5	112.0	114.8	118.3	114.2	113.8	114.2	118.9	113.6	115.6	112.7	107.7	105	106.7
1957	121.2	121.1	117.9	120.6	124.3	120.5	119.1	120.0	126.1	118.2	121.4	118.3	111.2	107	107.4
1958	125.4	125.4	122.3	125.6	127.4	125.5	126.4	124.6	*131.0*	*123.6*	116.2	119.7	112.9	99	100.8
1957 I	117.8	117.6	115.9	117.4	120.8	117.7	117.4	116.9	122.7	116.2	114.8	113.0	107.0	110	111.8
II	121.0	119.7	116.9	120.0	125.2	119.8	118.1	119.1	125.3	117.2	122.9	117.7	110.3	110	109.6
III	122.7	122.9	118.9	122.0	125.5	122.3	118.1	121.5	127.5	191.3	122.3	118.5	110.9	106	106.3
IV	123.3	124.0	119.8	122.9	125.6	122.3	122.8	122.5	127.6	120.3	125.6	123.7	116.6	102	101.9
1958 I	123.9	124.3	120.7	124.0	125.8	123.7	125.6	123.1	129.6	122.3	107.9	113.6	107.2	99	100.0
II	124.3	124.4	122.1	124.5	126.1	124.5	125.6	123.4	130.4	123.6	117.0	119.4	113.2	99	101.0
III	125.6	124.9	122.9	126.0	126.7	126.8	125.6	125.4	132.3	124.5	115.2	118.9	112.7	98	100.9
IV	127.7	127.9	123.5	127.7	130.9	127.0	128.6	126.6	132.6	124.0	124.8	126.7	118.5	99	101.2
1959 I	128.2	128.7	124.0	127.9	130.9	128.4	130.6	127.2	*133.1*	*124.0*				98	101.7
1958 Nov	127.7	127.8	123.7	127.7	130.9	127.0	129.6	126.6						99	101.5
Dec.	127.8	128.2	123.8	127.7	130.9	127.0	130.6	127.0						99	101.2
1959 Jan.	127.9	128.5	124.0	127.8	130.9	127.0	130.6	127.1						99	101.8
Feb.	128.3	128.5	124.0	128.0	130.9	129.1	130.6	127.1						98	101.8
March	128.4	129.0	124.0	128.0	130.9	129.1	130.6	127.5						97	100.8
April															101.6

See note, page 43, for changes to this table. (a) Seasonally adjusted, except for ' wage-round ' effect.

Table 6. Personal income and expenditure

£ million, quarterly averages, seasonally adjusted

	Disposable income (a)	Total personal savings	Consumers' expenditure	Consumers' expenditure: Total	Food	Alcoholic drinks	Tobacco	Housing (inc. rent and rates)	Fuel, light	Clothing	Durable goods: Cars, motor cycles	Furniture, etc.	Radio, electric, etc.	All other goods	Services
	at current prices			*at 1954 prices*											
1948	2,157	38	2,119	2,658	836	201	200	235	109	274	13	56	36	238	460
1949	2,274	62	2,212	2,721	872	194	194	234	108	296	16	68	40	260	439
1950	2,393	53	2,340	2,803	914	198	196	238	113	307	17	77	45	271	427
1951	2,592	80	2,512	2,757	887	204	202	239	117	276	16	74	50	262	430
1952	2,826	183	2,643	2,740	878	202	206	244	116	271	23	67	46	262	426
1953	3,005	205	2,800	2,853	911	205	209	252	116	276	40	77	57	284	426
1954	3,168	179	2,989	2,989	945	204	214	263	122	294	55	87	69	306	431
1955	3,441	242	3,199	3,094	969	215	219	257	124	315	74	90	73	327	431
1956	3,700	331	3,369	3,122	991	219	222	261	129	327	57	86	66	335	431
1957	3,905	371	3,534	3,185	1,006	223	228	263	127	332	62	92	73	347	432
1958	4,085	368	3,717	3,265	1,023	224	232	268	137	330	84	97	79	365	425
1956 III	3,728	389	3,339	3,095	967	215	223	261	126	332	52	84	66	337	432
IV	3,754	349	3,405	3,135	998	223	226	263	129	337	36	88	67	333	436
1957 I	3,806	350	3,456	3,164	1,014	222	226	263	126	329	43	91	76	339	435
II	3,885	364	3,521	3,185	998	224	228	263	126	330	72	94	74	344	432
III	3,930	396	3,534	3,169	985	220	226	264	123	334	73	90	74	350	430
IV	3,999	380	3,619	3,217	1,027	225	230	265	131	335	61	91	70	352	430
1958 I	4,040	363	3,677	3,251	1,031	226	229	267	140	325	84	92	75	363	419
II	4,073	365	3,708	3,238	1,014	221	235	267	142	321	90	94	78	357	420
III	4,086	439	3,647	3,220	1,005	217	232	268	127	327	78	92	75	368	431
IV	4,141	320	3,821	3,335	1,043	232	233	270	138	342	82	108	87	371	429
1959 I	*4,180*	*387*	*3,793*	*3,327*	*1,030*	*218*	*226*	*271*	*134*	*332*	*92*	*102*	*86*	*369*	*427*

See note, page 43, for changes to this table. (a) Seasonally adjusted, except for ' wage-round ' effect.

Table 7. Fixed investment

£ million, 1954 prices, quarterly averages, seasonally adjusted

	Total	Dwellings		Industries and services										
					By type of asset			By industry group					By sector	
		Public	Private	Total	Plant, machinery	Vehicles, ships, aircraft	Buildings, works	Fuel, power	Public, social services	Transport, communications	Manufacturing	Other industries, services	Public	Private
1948	455	92	14	349	167	91	91	53	29	45	114	109	108	241
1949	496	87	17	392	182	97	113	65	35	50	128	114	140	252
1950	521	86	16	419	203	87	129	70	42	48	147	114	154	266
1951	521	84	16	422	219	78	124	70	45	45	154	108	175	247
1952	527	95	24	408	208	70	130	73	44	41	149	102	186	223
1953	586	114	42	430	210	82	139	81	46	45	145	113	202	228
1954	637	105	56	476	233	90	152	96	48	48	153	132	208	267
1955	668	85	60	523	251	104	169	102	49	51	170	152	216	307
1956	701	77	64	561	257	110	194	97	56	58	193	157	227	334
1957	734	72	64	599	276	118	206	100	61	71	202	167	246	353
1958	734	60	67	607	275	122	210	104	65	69	191	178	248	359
1956 I	690	73	63	554	258	111	185	100	54	55	186	159	223	331
II	696	79	63	554	250	110	194	99	56	56	188	155	225	329
III	698	79	64	555	255	105	195	94	57	59	195	150	228	327
IV	720	76	64	580	265	115	200	94	58	63	202	163	231	349
1957 I	726	76	66	584	271	105	208	95	58	65	207	159	233	351
II	726	73	65	588	273	112	203	95	60	71	206	156	239	349
III	742	70	60	612	277	130	205	98	62	72	202	178	248	364
IV	743	67	63	613	282	125	206	110	62	75	193	173	264	349
1958 I	742	64	63	615	280	124	211	108	63	68	195	181	255	360
II	727	61	65	601	275	116	210	103	62	73	193	170	245	356
III	736	59	69	608	273	125	210	105	66	62	193	182	239	369
IV	731	57	71	603	270	123	210	101	67	72	183	180	251	352

See notes, page 43, for changes to to this table.

Table 8. Building orders and work done (a)

£ million, 1954 prices, quarterly averages

	Housing	Other buildings and works		
		Public	Private	
			Industrial	Other
	New orders received			
1956 III	..	..	..	..
IV	139	91	54	43
1957 I	144	90	52	44
II	117	81	48	46
III	110	101	44	41
IV	101	74	44	41
1958 I	109	98	47	42
II	107	80	40	41
III	110	69	42	38
IV	132	79	33	40
	New work done			
1956 III	130	80	63	37
IV	130	77	63	38
1957 I	126	77	60	39
II	128	83	62	40
III	118	83	60	40
IV	120	84	59	42
1958 I	112	81	59	41
II	118	91	57	43
III	115	93	59	42
IV	112	93	58	44

(a) New orders received and work done by contractors in building and civil engineering.

Table 9. Changes in the volume of stocks

£ million, 1954 prices, quarterly averages

	Total stocks (a)	Manufacturing and Distribution							
			Manufacturing				Wholesale		Retail
		Total	Total	Materials and fuel	Work in progress	Finished goods	Industrial materials	Manufactured goods	
Value at end 1957	8,183	6,039	4,231	1,833	1,436	962	319	700	789
1956	+ 64	+ 56	+ 47	+12	+22	+13	− 3	+ 6	+ 6
1957	+182	+ 89	+ 57	+14	+26	+17	+ 7	+17	+ 8
1958	+ 19	+ 11	+ 8	−30	+15	+23	− 3	+ 2	+ 4
1956 I	+117	..	+ 93	+ 6	+51	+37	..	..	+45
II	+ 84	..	+ 54	−27	+32	+49	..	..	−22
III	+ 42	..	+ 24	+45	+ 3	−24	..	..	+ 9
IV	+ 14	− 29	+ 15	+22	+ 1	− 8	+13	−47	−10
1957 I	+191	+203	+104	+33	+27	+44	−15	+75	+39
II	+ 92	+ 84	+ 54	−33	+57	+30	− 7	+37	—
III	+ 83	+ 96	+ 65	+46	+42	−23	+24	+ 7	—
IV	− 37	− 39	+ 5	+11	−23	+17	+24	−51	− 7
1958 I	+ 71	+100	+ 67	−37	+34	+70	−13	+17	+29
II	0	− 11	+ 20	−68	+28	+60	−24	+ 7	−14
III	+ 43	+ 31	− 17	+ 6	+13	−36	+22	+19	+ 7
IV	− 38	− 77	− 39	−21	−16	− 2	+ 3	−35	− 6

(a) This series is seasonally adjusted in table 1.

Table 10. Finance

Quarterly averages

	Money supply: per cent of total final sales	London Clearing Banks: Liquidity ratio	London Clearing Banks: Advances: Total	London Clearing Banks: Advances: Nationalised industries	New capital issues: Overseas	New capital issues: Local authorities	New capital issues: Manufacturing, distribution	New capital issues: Other	Treasury bills outstanding	Hire purchase debt: Total	Hire purchase debt: Owing to finance houses	Hire purchase debt: Owing to household goods shops	Yields: On 2½% Consols	Yields: On ordinary shares
	per cent		*£mn., change in period*		*£ million*				*£ million, change in period*				*per cent*	
1948	50.1	28.8	+ 43	..	9.5	—	29.7	30.2	− 29	..	..	..	3.21	4.62
1949	47.4	32.1	+ 36	..	10.5	—	25.8	3.0	− 71	..	..	..	3.30	5.49
1950	44.8	39.0	+ 30	..	13.0	—	36.5	40.5	− 29	..	..	..	3.54	5.27
1951	39.1	37.4	+ 72	..	12.5	—	34.5	26.0	−212	..	..	..	3.78	5.78
1952	37.5	34.4	− 45	..	13.1	—	28.0	55.6	− 20	..	..	..	4.23	6.46
1953	37.1	35.1	− 10	..	14.3	4.8	27.7	61.8	+ 28	..	..	..	4.08	6.06
1954	36.5	33.7	+ 48	..	19.8	4.5	43.4	64.9	+100	..	..	..	3.75	5.40
1955	34.0	32.5	− 11	..	15.9	2.2	47.7	92.8	+ 86	..	..	..	4.17	5.43
1956	31.4	35.3	+ 15	..	13.1	13.5	53.5	11.2	−131	*− 25*	*− 9*	*−16*	4.73	6.25
1957	30.6	35.1	− 8	− 8	16.3	6.4	58.0	11.1	+181	*+ 20*	*+22*	*− 2*	4.98	6.27
1958	31.0	34.0	+ 91	—	18.5	15.2	38.3	17.9	− 83	+ 30	+19	+11	4.98	6.23
1957 I	30.8	34.6	+ 63	−69	16.8	14 4	57.7	18.7	−764	*+ 4*	*+19*	*−15*	4.60	6.13
II	30.3	33.0	+104	+18	19.6	4.7	63.8	5.8	+487	*+ 11*	*+17*	*− 6*	4.82	5.86
III	30.7	35.4	−126	−12	16.8	—	21.5	5.3	+207	*+ 38*	*+40*	*− 2*	5.16	6.14
IV	30.6	37.2	− 73	+34	11.9	6.6	89.3	14.7	+796	+ 28	+12	+16	5.44	6.96
1958 I	31.2	35.9	+ 36	−28	18.0	27.4	64.0	10.8	−1113	+ 1	+12	−11	5.19	6.99
II	30.8	32.8	+112	+20	27.0	12.7	50.7	8.6	+282	+ 18	+24	− 6	4.99	6.49
III	31.2	33.5	− 2	− 5	7.4	15.8	21.0	39.4	+163	+ 12	+ 7	+ 5	4.90	5.96
IV	30.7	33.8	+218	+14	21.7	5.0	17.2	12.9	+335	+ 89	+33	+56	4.85	5.46
1959 I	*31.3*	32.7	+238		25.8	5.0	65.9	48.1	−415	+ 68			4.76	5.30
1959 Jan.		34.9	+132	− 7					−293	+ 57	+30	+27	4.73	5.36
Feb.		32.3	+243	−26					−760	+ 63	+42	+21	4.72	5.27
March		30.9	+339	+14					−191	+ 81	+69	+12	4.82	5.27
April		31.2	+144											

See notes, page 43, for changes to this table.

Table 11. U.K. imports and exports and changes in imported stocks

Quarterly averages

	Imports: Value c.i.f.: As recorded	Imports: Value c.i.f.: Adjusted (a)	Imports: Volume: As recorded	Imports: Volume: Adjusted (a)	Exports (exc. re-exports): Value f.o.b.: As recorded	Exports: Value f.o.b.: Adjusted (a)	Exports: Volume: As recorded	Exports: Volume: Adjusted (a)	Balance of visible trade as recorded (b)	Terms of trade import/export	Stock changes of mainly imported commodities: Total	Stock changes: Total	Stock changes: Food and tobacco	Stock changes: Industrial materials	Stock changes: Fuel
	£mn.		*1954 = 100*		*£mn.*		*1954 = 100*		*£mn.*	*1954 = 100*	*Current prices*	*1954 prices, £mn. c.i.f.*			
1950	648	648	89	89	546	550	101	100	− 82	100	−30.3	−33.4	−14.1	−20.1	+ 0.8
1951	971	971	100	100	649	651	100	98	−292	113	+32.0	+19.7	+10.4	+ 2.0	+ 7.3
1952	864	864	92	92	641	641	94	92	−188	106	+20.8	+20.5	+ 2.1	+13.4	+ 5.0
1953	829	829	99	99	639	644	96	95	−164	100	+22.0	+16.9	+ 9.6	+ 3.8	+ 3.5
1954	837	837	100	100	662	666	100	100	−150	100	− 5.0	− 5.0	− 2.1	− 5.7	+ 2.8
1955	964	964	112	112	719	712	107	105	−216	101	+ 2.0	+ 2.0	− 4.5	+ 1.8	+ 4.7
1956	965	973	111	112	785	784	113	112	−145	99	−13.3	−12.1	− 0.6	−10.9	+ 0.6
1957	1,011	1,003	115	114	823	821	116	113	−156	96	+25.2	+21.9	+ 5.9	+ 8.0	+ 8.0
1958	938	933	115	114	793	793	111	110	−110	90	− 1.3	− 1.0	− 0.3	− 1.5	+ 0.8
1957 I	1,055	1,025	119	115	828	812	117	113	−189	100	+21.7	+38.8	+43.3	−11.2	+ 6.7
II	1,026	1,026	113	113	843	833	118	115	−154	100		+ 7.1	−10.4	+ 6.3	+11.2
III	991	991	113	113	788	828	110	114	−175	95	+30.3	+30.7	−21.1	+33.5	+18.3
IV	979	979	116	116	831	813	117	113	−114	92		+15.3	+13.6	+ 4.6	− 2.9
1958 I	929	929	114	114	813	803	113	110	− 76	90	−27.8	−19.7	+ 2.3	−15.5	− 6.5
II	901	921	110	113	767	799	108	110	− 99	90		−31.5	−20.7	− 4.9	− 5.8
III	939	919	113	111	776	776	109	108	−128	90	+25.3	+14.2	− 9.3	+17.4	+ 6.1
IV	986	966	121	119	815	797	115	111	−136	90		+33.5(c)	+25.0	− 0.7	+ 9.2
1959 I	942	962	116	118	791	781	110	108	−117	90					
1959 Jan.	986	1,046	..	128	810	797	..	110	−148	91	..	..	..	..	..
February	876	876	..	108	753	774	..	107	− 91	90	..	..	..	..	..
March	967	967	..	117	812	773	..	106	−117	89					
April	1,038	1,038		*126*	889	876	..	120	−116						

(a) Both imports and exports are adjusted for dock strikes, delays, and certain other statistical disturbances ; exports are adjusted for seasonal movements and for working days, and exclude lend-lease silver. (b) Exports and re-exports less imports. (c) This figure is not adjusted for accelerated clearances at end of 1958.

Table 12. Volume of U.K. imports, by commodity

Index numbers, 1954 = 100

	Food and beverages	Tobacco	Basic materials: Total	Basic materials: Textile materials	Basic materials: Wood	Basic materials: Pulp	Basic materials: Ores and scrap	Fuels: Total	Fuels: Petroleum and products	Semi-manufactures and manufactures mainly for industrial use: Total	Iron and steel	Non-ferrous metals	Textile manufactures	Finished manufactures: Total	Finished manufactures: Machinery
Value 1958 £mn	1,406	87	899	247	141	98	138	441	434	586	47	175	85	316	166
1950	92	97	97	110	77	72	88	65	68	86	139	78	121	74	80
1951	101	113	102	96	120	87	82	86	88	111	150	91	152	76	86
1952	91	71	90	88	83	73	90	83	87	97	352	103	71	107	142
1953	102	104	101	110	101	82	95	90	94	86	198	85	65	115	118
1954	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1955	107	111	106	98	114	118	112	121	107	126	363	109	107	122	124
1956	109	102	102	100	92	113	114	115	112	121	379	101	120	136	137
1957	114	103	106	101	101	112	126	114	115	122	215	110	129	152	145
1958	120	101	94	89	89	111	94	124	129	119	139	114	124	166	153
1955 III	101	144	113	86	158	130	123	126	109	129	411	114	103	128	125
IV	108	175	105	91	126	114	117	121	109	132	451	108	112	128	131
1956 I	114	76	100	110	63	92	103	120	113	129	502	97	126	138	141
II	113	50	104	107	76	115	115	122	117	125	433	101	122	136	139
III	98	111	105	81	130	126	127	121	118	112	318	97	114	123	125
IV	109	172	99	101	100	120	111	98	98	116	264	108	119	147	142
1957 I	126	64	109	132	64	105	109	102	101	119	222	102	133	156	140
II	111	61	107	104	93	117	124	117	117	118	206	104	126	158	140
III	104	136	106	79	141	112	142	125	127	122	209	112	120	142	141
IV	114	151	103	88	107	115	127	112	114	129	222	123	137	153	159
1958 I	120	51	95	98	57	102	104	114	118	125	194	114	139	160	147
II	119	68	92	92	74	110	106	116	121	113	153	107	108	159	147
III	117	133	90	64	126	113	87	128	134	118	116	124	111	169	150
IV	124	152	97	100	100	118	77	137	144	122	93	110	139	178	167
1959 I	127	42	93	110	59	114	74	134	140	120	96	115	135	166	161

Table 13. Volume of U.K. exports, by commodity and area

Index numbers, 1954 = 100, seasonally adjusted

	By commodity: Food, beverages, tobacco	Basic materials, fuels	Manufactures: Total	Metals and engineering: Total	Metals	Metal goods	Machinery	Transport equipment	Textiles	Chemicals	Other manufactures	By area: Sterling area	Other primary producers	North America	Western Europe
Value 1958 £mn	188	240	2,665	1,813	280	186	788	559	254	262	335	1,429	366	461	835
1950	93	78	106	102	106	101	99	105	125	79	121	94	129	105	94
1951	95	61	105	100	80	103	104	101	126	92	118	101	114	100	90
1952	91	77	96	98	84	97	106	93	94	77	100	91	111	94	89
1953	94	93	96	97	94	105	100	92	103	79	97	94	93	112	96
1954	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1955	106	100	109	110	113	114	110	106	96	116	112	106	102	115	107
1956	115	103	115	118	126	110	117	121	92	127	113	105	113	137	116
1957	124	96	117	121	139	105	120	123	92	137	113	105	120	143	116
1958	120	98	113	118	135	90	114	127	78	134	112	102	114	153	107
1956 III	109	101	113	117	126	101	118	117	91	125	110	104	108	129	116
IV	137	104	114	117	134	110	113	116	91	133	115	102	108	142	122
1957 I	114	103	117	119	148	108	117	113	95	139	113	103	112	138	123
II	129	97	118	123	145	109	121	122	94	137	111	107	118	146	117
III	124	92	118	123	131	101	121	132	92	136	113	107	122	148	114
IV	129	93	116	121	133	101	120	126	85	134	113	105	127	141	111
1958 I	113	97	114	118	126	93	116	126	87	135	113	105	116	147	107
II	121	92	107	112	128	88	109	118	76	127	107	97	112	147	102
III	128	100	116	123	140	85	117	140	77	143	110	105	119	148	112
IV	119	101	114	120	148	94	113	126	74	133	117	99	110	168	107
1959 I	102	106	111	115	137	82	110	124	74	142	110	*90*	*117*	*169*	*109*

Table 14. Trade of industrial countries

$ billion, quarterly averages

	Total (a)			U.S.A.			Canada			U.K.			Continental O.E.E.C. (a)		
	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance
1948	8.29	9.15	−0.86	3.17	2.01	+1.16	0.84	0.76	+0.08	1.65	2.09	−0.44	2.57	4.12	−1.54
1949	8.66	9.03	−0.37	3.02	1.88	+1.14	0.77	0.73	+0.04	1.71	2.13	−0.42	3.03	4.06	−1.03
1950	8.43	9.38	−0.95	2.57	2.40	+0.17	0.77	0.80	−0.03	1.58	1.82	−0.24	3.31	4.12	−0.81
1951	11.32	12.77	−1.45	3.76	2.97	+0.79	1.01	1.05	−0.04	1.90	2.73	−0.84	4.31	5.52	−1.20
1952	11.99	12.43	−0.43	3.80	2.92	+0.89	1.19	1.12	+0.07	1.91	2.43	−0.52	4.77	5.45	−0.68
1953	12.16	12.42	−0.26	3.95	2.95	+1.00	1.15	1.21	−0.06	1.88	2.34	−0.46	4.86	5.32	−0.46
1954	12.61	12.78	−0.17	3.78	2.76	+1.02	1.11	1.14	−0.03	1.94	2.36	−0.42	5.37	5.92	−0.55
1955	13.85	14.52	−0.67	3.89	3.09	+0.80	1.20	1.29	−0.09	2.12	2.72	−0.60	6.14	6.80	−0.66
1956	15.78	16.32	−0.53	4.77	3.44	+1.34	1.32	1.57	−0.25	2.32	2.72	−0.40	6.75	7.78	−1.03
1957	17.22	17.65	−0.43	5.21	3.54	+1.66	1.37	1.59	−0.22	2.42	2.85	−0.43	7.51	8.60	−1.08
1958	16.40	16.36	+0.04	4.46	3.50	+0.96	1.36	1.45	−0.09	2.35	2.65	−0.30	7.51	8.01	−0.50
1956 I	14.30	15.43	−1.13	4.23	3.50	+0.73	1.12	1.37	−0.25	2.28	2.75	−0.47	6.12	7.12	−1.00
II	16.11	16.63	−0.52	4.92	3.41	+1.51	1.36	1.71	−0.35	2.39	2.77	−0.38	6.84	7.93	−1.09
III	15.42	16.00	−0.58	4.71	3.39	+1.32	1.37	1.53	−0.16	2.15	2.62	−0.47	6.57	7.64	−1.07
IV	17.28	17.15	+0.13	5.22	3.44	+1.78	1.43	1.63	−0.20	2.46	2.73	−0.27	7.45	8.45	−1.00
1957 I	17.09	17.90	−0.81	5.44	3.52	+1.92	1.23	1.53	−0.30	2.45	2.96	−0.51	7.32	8.82	−1.50
II	17.37	18.19	−0.82	5.47	3.49	+1.98	1.35	1.75	−0.40	2.47	2.91	−0.46	7.41	8.76	−1.36
III	16.77	17.22	−0.45	4.91	3.50	+1.41	1.47	1.58	−0.11	2.31	2.79	−0.48	7.31	8.28	−0.97
IV	17.61	17.27	+0.34	5.00	3.67	+1.33	1.42	1.48	−0.06	2.45	2.75	−0.30	7.98	8.50	−0.52
1958 I	15.95	16.25	−0.30	4.40	3.44	+0.96	1.18	1.31	−0.13	2.41	2.61	−0.20	7.25	8.09	−0.84
II	16.20	16.27	−0.07	4.57	3.43	+1.14	1.44	1.55	−0.09	2.27	2.55	−0.28	7.24	7.96	−0.72
III	15.82	15.79	+0.03	4.17	3.34	+0.83	1.36	1.39	−0.03	2.30	2.65	−0.35	7.30	7.68	−0.38
IV	17.64	17.14	+0.50	4.71	3.79	+0.92	1.45	1.54	−0.09	2.42	2.77	−0.35	8.26	8.32	−0.06
1959 I	15.33	15.84	−0.51	4.02	3.70	+0.32	1.09	1.34	−0.25	2.31	2.64	−0.33	*7.23*	*7.39*	*−0.16*

(a) Excludes W. Germany in 1948 and 1949.

Table 14 (contd.). Trade of industrial countries

$ billion, quarterly averages

	Western Germany			France			Italy			Netherlands			Japan		
	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance
1948	..	..	..	0.50	0.86	−0.36	0.27	0.38	−0.12	0.26	0.47	−0.21	0.06	0.17	−0.11
1949	..	..	..	0.68	0.82	−0.14	0.28	0.39	−0.11	0.34	0.46	−0.13	0.13	0.23	−0.10
1950	0.49	0.67	+0.18	0.76	0.76	—	0.30	0.37	−0.07	0.35	0.51	−0.16	0.20	0.24	−0.04
1951	0.87	0.87	−0.01	1.02	1.11	−0.09	0.41	0.54	−0.13	0.49	0.64	−0.15	0.34	0.50	−0.16
1952	1.00	0.95	+0.05	0.96	1.08	−0.12	0.35	0.58	−0.24	0.53	0.56	−0.03	0.32	0.51	−0.19
1953	1.10	0.94	+0.15	0.95	0.99	−0.04	0.38	0.60	−0.23	0.54	0.59	−0.06	0.32	0.60	−0.28
1954	1.31	1.14	+0.17	1.05	1.06	−0.01	0.41	0.61	−0.20	0.60	0.71	−0.11	0.41	0.60	−0.19
1955	1.53	1.45	+0.09	1.23	1.18	+0.04	0.46	0.68	−0.21	0.67	0.80	−0.13	0.50	0.62	−0.11
1956	1.84	1.65	+0.19	1.13	1.39	−0.25	0.54	0.79	−0.26	0.72	0.93	−0.21	0.62	0.81	−0.18
1957	2.14	1.87	+0.27	1.28	1.54	−0.26	0.63	0.91	−0.27	0.77	1.03	−0.25	0.71	1.07	−0.36
1958	2.20	1.84	+0.36	1.28	1.40	−0.12	0.63	0.79	−0.16	0.81	0.91	−0.10	0.72	0.76	−0.04
1956 I	1.56	1.45	+0.11	1.07	1.26	−0.19	0.50	0.76	−0.26	0.67	0.85	−0.18	0.55	0.69	−0.14
II	1.89	1.65	+0.24	1.17	1.47	−0.30	0.50	0.80	−0.30	0.74	0.93	−0.19	0.60	0.81	−0.21
III	1.82	1.69	+0.13	1.06	1.33	−0.27	0.55	0.76	−0.21	0.70	0.94	−0.24	0.62	0.82	−0.20
IV	2.08	1.83	+0.25	1.23	1.48	−0.25	0.60	0.83	−0.23	0.76	0.99	−0.23	0.72	0.90	−0.18
1957 I	2.00	1.81	+0.19	1.33	1.69	−0.36	0.59	0.92	−0.33	0.76	1.08	−0.32	0.65	1.06	−0.41
II	2.11	1.81	+0.30	1.29	1.68	−0.39	0.63	0.94	−0.31	0.72	1.04	−0.33	0.67	1.28	−0.61
III	2.15	1.87	+0.27	1.16	1.43	−0.27	0.65	0.85	−0.20	0.78	1.01	−0.23	0.77	1.07	−0.30
IV	2.31	2.00	+0.32	1.32	1.36	−0.04	0.67	0.92	−0.25	0.84	0.97	−0.14	0.76	0.87	−0.11
1958 I	2.06	1.82	+0.23	1.27	1.51	−0.24	0.61	0.81	−0.20	0.77	0.87	−0.10	0.71	0.80	−0.09
II	2.13	1.72	+0.41	1.22	1.52	−0.30	0.63	0.80	−0.17	0.76	0.90	−0.14	0.68	0.78	−0.09
III	2.23	1.83	+0.40	1.15	1.26	−0.11	0.64	0.75	−0.12	0.81	0.88	−0.07	0.69	0.73	−0.04
IV	2.39	1.99	+0.40	1.47	1.32	+0.15	0.66	0.81	−0.15	0.88	0.97	−0.09	0.80	0.72	+0.08
1959 I	2.12	1.80	+0.32	1.13	1.20	−0.07				0.79	0.90	−0.11	0.68	0.77	−0.09

Table 15. Trade of primary producing countries

$ billion, quarterly averages

	Total			Overseas Sterling Area			Australia			New Zealand			India		
	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance
1948	4.92	5.56	−0.64	2.11	2.51	−0.41	0.41	0.35	+0.06	0.12	0.11	+0.01	0.34	0.43	−0.09
1949	4.70	5.52	−0.83	2.03	2.51	−0.49	0.40	0.40	—	0.14	0.11	+0.03	0.33	0.51	−0.18
1950	5.47	5.16	+0.31	2.33	2.25	+0.08	0.42	0.41	+0.01	0.13	0.11	+0.01	0.29	0.29	—
1951	6.91	7.19	−0.28	3.11	3.21	−0.10	0.51	0.61	−0.10	0.17	0.15	+0.02	0.40	0.45	−0.05
1952	6.11	7.16	−1.06	2.74	3.07	−0.32	0.42	0.49	−0.07	0.17	0.19	−0.03	0.32	0.42	−0.10
1953	6.25	6.34	−0.09	2.73	2.68	+0.05	0.49	0.37	+0.13	0.16	0.13	+0.03	0.28	0.30	−0.02
1954	6.47	6.71	−0.24	2.77	2.81	−0.04	0.41	0.47	−0.05	0.17	0.17	—	0.30	0.32	−0.03
1955	6.86	7.27	−0.41	3.00	3.16	−0.16	0.44	0.54	−0.10	0.18	0.20	−0.02	0.32	0.35	−0.03
1956	7.23	7.65	−0.42	3.12	3.33	−0.21	0.47	0.49	−0.02	0.19	0.19	+0.01	0.32	0.42	−0.10
1957	7.44	8.52	−1.08	3.25	3.65	−0.40	0.55	0.48	+0.07	0.19	0.21	−0.01	0.35	0.51	−0.16
1958	7.16	8.18	−1.02	3.15	3.59	−0.44	0.41	0.52	−0.11	0.18	0.20	−0.02	0.30	0.41	−0.11
1956 I	7.20	7.47	−0.27	3.12	3.33	−0.21	0.34	0.51	−0.17	0.23	0.18	+0.05	0.34	0.42	−0.08
II	7.27	7.65	−0.38	3.17	3.33	−0.16	0.54	0.51	+0.03	0.20	0.18	+0.02	0.27	0.40	−0.13
III	6.91	7.52	−0.61	2.99	3.30	−0.31	0.41	0.48	−0.07	0.18	0.20	−0.02	0.30	0.44	−0.14
IV	7.31	7.63	−0.32	3.22	3.36	−0.14	0.59	0.43	+0.17	0.16	0.18	−0.02	0.35	0.44	−0.09
1957 I	7.61	8.01	−0.40	3.36	3.51	−0.15	0.62	0.44	+0.18	0.22	0.18	+0.04	0.34	0.48	−0.14
II	7.49	8.68	−1.19	3.25	3.71	−0.45	0.57	0.48	+0.09	0.20	0.20	—	0.31	0.55	−0.24
III	7.25	8.65	−1.39	3.13	3.71	−0.57	0.46	0.49	−0.03	0.19	0.23	−0.04	0.37	0.52	−0.15
IV	7.41	8.75	−1.33	3.24	3.66	−0.42	0.55	0.50	+0.05	0.15	0.22	−0.07	0.35	0.46	−0.11
1958 I	7.31	8.29	−0.98	3.25	3.71	−0.46	0.42	0.52	−0.10	0.22	0.20	+0.02	0.30	0.43	−0.13
II	7.03	8.14	−1.11	3.04	3.56	−0.52	0.39	0.51	−0.12	0.19	0.21	−0.01	0.24	0.39	−0.15
III	6.93	7.90	−0.97	3.05	3.41	−0.36	0.37	0.53	−0.16	0.15	0.19	−0.04	0.34	0.38	−0.04
IV	7.38	8.40	−1.02	3.25	3.66	−0.41	0.48	0.52	−0.04	0.14	0.20	−0.06	0.33	0.44	−0.11

Table 15 (contd.). Trade of primary producing countries

$ billion, quarterly averages

	Pakistan			South Africa			Malaya			Latin America excluding Venezuela			Others		
	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance
1948	0.15	0.08	+0.07	0.15	0.40	−0.25	0.21	0.21	—	1.38	1.35	+0.03	1.43	1.69	−0.26
1949	0.12	0.12	—	0.15	0.33	−0.18	0.18	0.20	−0.02	1.14	1.15	−0.01	1.54	1.85	−0.31
1950	0.12	0.10	+0.02	0.17	0.25	−0.08	0.33	0.24	+0.09	1.41	1.24	+0.17	1.73	1.67	+0.06
1951	0.19	0.14	+0.05	0.22	0.38	−0.15	0.50	0.39	+0.11	1.61	1.77	−0.16	2.19	2.22	−0.03
1952	0.13	0.16	−0.02	0.22	0.34	−0.12	0.32	0.32	—	1.40	1.71	−0.31	1.96	2.39	−0.43
1953	0.11	0.09	+0.02	0.23	0.35	−0.12	0.25	0.26	−0.02	1.54	1.41	+0.14	1.97	2.26	−0.29
1954	0.09	0.08	+0.01	0.26	0.36	−0.10	0.25	0.26	—	1.55	1.60	−0.05	2.14	2.31	−0.17
1955	0.10	0.07	+0.03	0.26	0.37	−0.11	0.34	0.31	+0.03	1.52	1.62	−0.09	2.33	2.49	−0.16
1956	0.08	0.10	−0.02	0.30	0.38	−0.09	0.34	0.34	—	1.63	1.67	−0.04	2.47	2.65	−0.18
1957	0.08	0.11	−0.03	0.32	0.42	−0.10	0.34	0.36	−0.02	1.57	1.85	−0.28	2.64	3.04	−0.40
1958	0.07	0.10	−0.03	0.28	0.43	−0.15	*0.30*	*0.33*	*−0.03*	1.46	1.67	−0.21	2.57	2.93	−0.36
1956 I	0.13	0.07	+0.06	0.27	0.40	−0.13	0.36	0.34	+0.02	1.61	1.61	—	2.47	2.53	−0.06
II	0.07	0.07	—	0.28	0.39	−0.11	0.32	0.34	−0.02	1.60	1.63	−0.03	2.49	2.69	−0.20
III	0.06	0.09	−0.03	0.29	0.37	−0.08	0.33	0.33	—	1.52	1.66	−0.14	2.40	2.55	−0.15
IV	0.08	0.13	−0.05	0.30	0.36	−0.06	0.35	0.34	+0.01	1.57	1.76	−0.19	2.53	2.51	+0.02
1957 I	0.14	0.12	+0.02	0.33	0.41	−0.07	0.35	0.38	−0.03	1.64	1.66	−0.02	2.61	2.83	−0.22
II	0.06	0.11	−0.05	0.32	0.42	−0.10	0.33	0.35	−0.02	1.55	1.86	−0.31	2.68	3.11	−0.42
III	0.05	0.10	−0.05	0.30	0.43	−0.13	0.34	0.38	−0.03	1.50	1.90	−0.40	2.62	3.04	−0.42
IV	0.09	0.11	−0.02	0.34	0.43	−0.09	0.34	0.33	+0.01	1.54	1.93	−0.39	2.63	3.16	−0.52
1958 I	0.11	0.11	—	0.29	0.48	−0.19	0.32	0.36	−0.04	1.45	1.61	−0.16	2.62	2.97	−0.35
II	0.05	0.11	−0.06	0.29	0.45	−0.16	0.30	0.34	−0.04	1.46	1.70	−0.24	2.54	2.89	−0.35
III	0.05	0.09	−0.04	0.26	0.40	−0.15	*0.29*	*0.30*	*−0.02*	1.43	1.71	−0.28	2.46	2.78	−0.32
IV	0.08	0.09	−0.01	0.26	0.37	−0.11	*0.31*	*0.32*	*−0.01*	1.50	1.66	−0.16	2.65	3.08	−0.43

Table 16. World industrial production

Index numbers, 1953 = 100, seasonally adjusted

	World (a) (b)	U.S.A.	Canada	U.K.	Continental O.E.E.C.	Western Germany	France	Italy	Belgium	Sweden	Netherlands	Austria	Latin America (a)	Japan (a)	U.S.S.R.
1950	83	84	83	94	82	72	89	78	93	95	88	86	91	*55*	69
1951	92	90	90	98	92	85	99	89	106	100	91	97	96	74	80
1952	94	93	94	94	94	91	98	91	101	98	91	98	98	82	89
1953	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1954	100	93	100	108	109	112	109	109	106	104	110	114	108	108	113
1955	111	104	110	114	121	129	117	119	116	111	118	133	118	117	127
1956	116	107	120	114	131	139	128	128	123	115	124	138	125	144	141
1957	119	107	120	116	139	147	139	138	123	119	126	146	132	167	155
1958		100	117	114	142	152	154	141	115	120	126	150			170
1957 I	119	108	123	115	137	146	141	136	125	118	129	142	127	163	
II	120	108	121	116	139	147	143	137	124	120	127	146	133	172	
III	117	108	120	117	139	146	146	139	117	120	126	146	136	168	
IV	120	104	116	116	141	149	151	139	123	120	121	150	132	165	
1958 I	114	97	117	116	142	151	156	139	118	121	124	150	127	164	
II	114	96	118	114	142	150	154	138	112	119	125	149	131	163	
III	114	101	117	113	142	151	153	140	115	119	128	151		166	
IV		105	119	115	144	155	151	145	116	121	128	150		178	
1959 I		108		*115*		*154*	*153*				*129*				
1958 Oct.		103	117	113	146	156	153	147	116	119		152		176	
November		105	120	115	143	155	151	142	114	123		147		175	
December		106	120	116	141	153	149	146	117	120		149		185	
1959 Jan.		107	*122*	116	144	151	149	146	114	121				*171*	
February		108		*115*	*146*	154	155	*149*	108	120				*189*	
March		110		*115*		*158*	*154*								

See notes, page 43, for changes to this table. (a) World, Latin America and Japan are not seasonally adjusted. (b) Excludes U.S.S.R., Eastern Europe and China.

Table 17. The United States[(a)]

Quarterly averages, seasonally adjusted (b)

	Gross national product	Consumers' expenditure: Durable goods	Consumers' expenditure: Other goods and services	Public spending on goods and services: Federal	Public spending on goods and services: Other	Gross private fixed investment: Dwellings	Gross private fixed investment: Other	Value of physical changes in stocks	Net foreign investment	Durable goods: Manufacturers' sales	Durable goods: Manufacturers' new orders	Building and contracting orders	Unemployment (c)	Employment (b)	Consumer prices (b)
	$ billion, at constant 1954 prices									$ billion at current prices			per cent	millions	1954 = 100
1950	79.5	8.03	46.2	6.2	5.88	3.88	8.3	1.80	−0.70	26.41	30.95	*4.6*	5.0	59.96	89.5
1951	85.5	7.30	47.4	10.4	6.03	3.23	8.8	2.43	0.03	31.13	38.03	*5.0*	3.0	61.01	96.7
1952	88.4	7.13	49.0	13.7	6.13	3.20	8.8	0.75	−0.05	32.81	35.06	*5.3*	3.1	61.04	98.9
1953	92.3	8.28	50.5	15.1	6.38	3.40	9.1	0.13	−0.63	37.13	33.10	*5.6*	2.9	61.95	99.7
1954	90.8	8.10	51.4	12.2	6.93	3.85	8.8	−0.40	−0.10	33.71	30.47	*6.3*	5.6	60.89	100.0
1955	98.2	9.90	54.1	11.3	7.43	4.55	9.6	1.53	−0.15	39.24	41.56	*7.6*	4.4	62.94	99.7
1956	100.6	9.48	56.5	10.8	7.73	4.10	10.3	1.40	0.28	41.42	43.33	7.9	4.2	64.71	101.2
1957	101.8	9.53	58.0	11.0	8.08	3.88	10.3	0.35	0.75	42.48	39.26	8.0	4.3	65.01	104.7
1958	98.9	8.70	58.8	11.0	8.55	4.03	8.7	−0.88	0.03	37.21	36.43	8.8	6.8	63.97	107.6
1957 I	102.2	9.68	57.5	11.4	8.04	3.94	10.51	0.32	0.82	43.95	42.13	8.7	4.1	63.21	103.3
II	102.4	9.43	57.9	11.4	7.99	3.75	10.32	0.83	0.76	42.76	40.60	8.4	4.1	65.31	104.3
III	102.1	9.63	58.6	10.6	7.95	3.81	10.25	0.58	*0.64*	43.00	38.68	7.9	4.3	66.43	105.4
IV	100.3	9.40	58.2	10.5	8.25	3.98	9.83	−0.33	0.50	40.57	35.92	7.5	4.9	65.09	105.8
1958 I	96.9	8.65	58.0	10.6	8.40	3.85	8.90	−1.63	0.10	36.35	32.88	7.8	6.5	62.18	106.9
II	97.2	8.48	58.4	10.8	8.45	3.68	8.60	−1.25	0.08	35.26	34.50	9.0	7.2	63.98	107.7
III	99.2	8.55	59.1	11.0	8.60	4.05	8.58	−0.78	0.13	37.36	37.55	9.8	7.4	65.06	107.8
IV	101.9	9.13	59.3	11.4	8.78	4.48	8.73	0.20	−0.18	39.85	40.78	8.7	6.7	64.64	107.8
1959 I	104.4	*9.30*	*59.6*	*11.5*	*9.07*	*4.83*	*8.94*	*1.43*	*−0.31*	41.75	43.97		6.0	63.09	107.8
November						5.05(d)				39.89	40.72	9.2	5.9	64.65	107.9
December						5.15(d)				40.84	41.02	7.1	6.1	63.97	107.8
1959 Jan.						5.35(d)				40.62	41.70	8.8	6.0	62.71	107.8
February						5.45(d)				41.61	44.75	8.6	6.1	62.72	107.8
March						5.43(d)				43.03	45.45		5.8	63.83	107.8
April													5.3	*65.02*	

See notes, page 43, for changes to this table. (a) The U.S. index of industrial production is shown in table 16. (b) Employment and consumer prices are not seasonally adjusted. (c) Per cent of civilian labour force. (d) Figures at current prices.

Table 18. Industrial countries : imports by volume and import and export prices

Index numbers, 1953 = 100

	Volume of imports						Import prices				Export prices				
	U.S.A.	U.K.	OEEC. incl. U.K. From outside	OEEC. incl. U.K. Intra-trade	Western Germany	France	U.S.A.	U.K.	Western Germany	France	U.S.A.	U.K.	Western Germany	France	Japan
1950	92	90	91	87	75	89	88	84	94	87	88	84	81	82	82
1951	91	101	98	93	77	101	111	112	120	114	101	99	99	97	122
1952	96	93	96	90	89	99	105	110	114	112	100	104	107	103	108
1953	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1954	93	101	108	115	126	108	103	99	96	99	99	99	96	94	97
1955	103	113	120	130	152	123	102	102	100	98	100	101	98	95	93
1956	112	112	130	139	171	142	104	104	102	102	103	105	101	100	96
1957	115	116	137	147	192	150	106	106	103	*117*	107	110	103	*102*	97
1958	119	116	138	145	205	149	100	98	95	*141*	106	109	103	*98*	91
1956 I	113	115	126	126	150	129	104	104	102	100	104	104	100	97	95
II	109	114	134	139	169	149	104	105	103	102	103	104	100	100	96
III	111	108	128	133	174	138	104	102	103	98	103	105	101	101	97
IV	113	111	133	152	191	150	105	106	101	102	104	106	102	101	97
1957 I	114	119	141	147	184	162	107	109	104	109	107	109	103	103	99
II	111	115	139	144	183	163	106	109	105	107	107	109	104	103	98
III	113	113	132	141	191	138	105	105	104	*113*	107	111	103	*103*	97
IV	119	116	134	154	210	138	104	101	101	*139*	108	110	103	*98*	95
1958 I	115	115	138	142	197	159	102	98	98	*142*	107	109	104	*98*	93
II	116	112	137	143	190	162	100	98	96	*140*	106	109	103	*99*	91
III	115	115	135	141	208	133	100	97	93	*142*	106	109	103	*98*	90
IV	130	122	144	156	227	142	100	98	93	*139*	106	108	102	96	89
1959 I		*118*			*202*	*134*		97	*93*			108	*102*	*88*	89

Table 19. Industrial countries' exports of manufactures

	Volume							Value, total	Shares					
	Total	U.S.A. (*a*)	U.K.	Western Germany	France	Japan	Others (*b*)		U.S.A. (*a*)	U.K. (*c*)	Western Germany	France	Japan	Others (*b*)
	Index numbers, 1953 = 100							*$ bn., quarterly averages*	*Per cent of total value*					
1950	86	86	110	42	98	81	84	5.0	27.3	25.5	7.3	9.9	3.4	26.6
1951	100	103	109	72	119	89	100	7.0	26.6	21.9	10.0	10.0	4.3	27.2
1952	98	102	100	87	96	94	98	6.9	26.2	21.5	12.0	9.2	3.8	27.3
1953	100	100	100	100	100	100	100	6.9	25.9	21.2	13.3	9.0	3.8	26.8
1954	111	106	104	127	110	140	108	7.4	25.2	20.3	14.8	9.0	4.7	26.0
1955	125	115	113	150	123	186	122	8.5	24.5	19.6	15.4	9.3	5.1	26.1
1956	136	128	120	174	114	222	133	9.6	25.3	19.0	16.4	7.8	5.7	25.8
1957	146	135	123	201	129	250	140	10.7	25.4	18.0	17.5	8.0	6.0	25.1
1958	144	121	118	213	139	255	141	10.5	23.2	17.8	18.6	8.6	6.0	25.8
1956 I	127	125	118	148	105	199	123	9.0	26.5	19.8	14.9	7.8	5.3	25.8
II	140	134	126	179	119	216	135	9.9	25.7	19.3	16.3	7.9	5.3	25.5
III	131	119	112	171	108	219	132	9.2	24.6	18.5	17.0	7.8	5.9	26.1
IV	145	131	123	196	120	255	143	10.4	24.5	18.3	17.3	7.8	6.1	26.0
1957 I	144	135	125	183	135	265	137	10.5	25.7	18.4	16.4	8.6	5.5	25.3
II	149	147	126	196	132	240	140	10.9	26.8	18.1	16.9	8.2	5.5	24.6
III	143	128	118	202	115	269	139	10.4	24.8	17.8	18.2	7.4	6.6	25.2
IV	150	132	122	223	133	265	144	10.9	24.5	17.6	18.6	7.8	6.2	25.3
1958 I	141	123	121	194	134	255	134	10.3	24.2	18.6	17.4	8.5	6.1	25.2
II	144	127	115	210	131	245	140	10.4	24.4	17.5	18.1	8.3	5.8	25.9
III	140	111	116	214	125	242	140	10.0	21.9	18.2	19.7	8.1	6.0	26.1
IV	153	122	120	230	165	269	150	11.1	22.3	17.1	19.1	9.5	6.1	25.9
1959 I			115					*10.0*	*22.6*	*18.7*	*18.7*	*8.1*	*6.4*	*25.5*

(a) Excluding special category. (b) Belgium-Luxembourg, Canada, Italy, Netherlands, Sweden and Switzerland. (c) U.K. figures adjusted to exclude Channel Islands, etc.

Table 20. Commodity prices

	N.I.E.S.R. price index numbers (a)						Commodity prices														
	Current U.K. import prices				Exports, primary producers	Exports, overseas sterling area	Wheat	Sugar	Tea	Coffee	Cocoa	Rubber	Jute	Cotton	Wool		Copper	Lead	Zinc	Tin	Softwood
	Total	Food, tobacco	Industrial materials	Fuels			Can. $ per 60 lb.	U.S. cents per lb.	rupees per lb.	U.S. cents per lb.	U.S. cents per lb.	d. per lb.	£ per ton	U.S. cents per lb.	Merino d. per lb.	Cross-bred d. per lb.	£ per ton	£ per ton	£ per ton	£ per ton	Index
	Oct. 1956—Sept. 1957 = 100				Index numbers 1954 = 100		Average of daily or weekly prices														1954 = 100
1950	..	..	..	..	..	..	2.13	4.96	2.39	50.5	32.2	33.3	116	37.0	164	91	179	106	119	745	66
1951	..	..	..	..	..	..	2.33	5.68	2.12	54.2	35.6	50.8	179	42.3	199	126	220	162	172	1077	99
1952	..	..	..	..	..	..	2.16	4.16	2.06	54.0	35.6	28.4	112	39.7	126	64	259	135	149	964	109
1953	..	..	..	..	..	..	1.86	3.41	2.06	57.9	37.3	19.9	96	33.8	147	75	254	91	75	732	99
1954	..	..	..	..	100.0	100.0	1.73	3.26	2.65	78.7	58.2	20.2	102	35.1	128	77	249	96	78	719	100
1955	..	..	..	..	..	..	1.74	3.24	2.34	57.1	37.3	33.6	98	34.6	107	75	351	106	91	740	109
1956 1st half	..	..	..	..	..	..	1.74	3.32	2.43	56.0	27.1	28.0	99	36.4	105	72	370	117	98	780	110
III	99.1	101.1	101.2	88.7	99.5	98.8	1.73	3.34	2.49	60.0	28.2	26.2	94	34.7	118	75	297	116	95	769	109
IV	102.4	103.1	102.7	99.6	101.6	101.6	1.70	3.87	2.92	60.4	26.7	30.3	119	34.5	124	80	279	117	99	821	109
1957 I	102.3	100.2	101.7	108.8	101.3	100.6	1.69	5.86	2.28	60.3	23.1	27.0	114	35.2	133	84	250	114	100	777	111
II	98.7	97.2	99.9	98.7	99.0	99.5	1.65	6.23	1.63	57.8	27.2	27.0	120	35.4	137	90	236	101	86	767	110
III	95.4	95.2	96.5	92.9	95.8	96.6	1.62	4.65	2.14	54.4	32.2	26.4	108	35.1	125	84	207	91	74	744	110
IV	91.3	91.3	91.2	91.7	91.2	91.3	1.61	3.84	2.15	54.1	39.6	24.0	115	35.7	105	74	185	81	67	732	109
1958 I	88.8	90.1	87.1	90.4	88.6	88.7	1.64	3.57	2.22	54.6	43.5	22.9	112	36.1	98	65	168	74	63	731	107
II	89.0	93.2	83.4	88.9	88.6	89.4	1.61	3.45	2.15	50.3	46.8	22.3	115	36.3	95	58	183	73	63	731	104
July	88.4	91.2	85.6	89.2	88.8	89.9	1.63	3.52	1.77	47.0	47.9	23.3	109	36.5	90	57	200	72	64	731	102
August	89.8	95.2	85.4	89.4			1.63	3.47	1.88	46.2	46.7	23.6	110	36.4	84	57	206	70	64	730	102
September	89.3	94.6	84.7	89.2			1.65	3.48	2.37	44.5	42.5	23.9	104	36.0	83	55	209	71	65	718	99
October	90.1	95.6	86.0	88.5	88.7	89.0	1.64	3.41	2.03	44.4	38.8	25.4	103	36.2	77	55	236	74	71	741	98
November	91.0	96.8	86.9	88.7	90.2	91.2	1.64	3.43	2.00	44.2	44.3	25.9	103	36.2	76	56	243	76	75	758	97
December	90.4	97.0	85.6	88.1	87.5	88.5	1.63	3.59	1.95	41.8	41.4	24.3	109	35.8	74	56	221	72	74	756	97
1959 Jan.	90.5	97.0	85.9	87.7	87.2	88.3	1.64	3.26	*1.94*	41.5	37.6	25.0	112	35.7	74	56	230	72	75	759	96
February	88.8	94.4	85.9	84.2	87.3	88.7	1.71	3.10	*2.18*	39.6	*36.8*	25.2	110	35.7	77	59	236	70	74	772	95
March	88.6	92.0	87.2	84.0	88.1	89.6	*1.70*	3.05	*2.35*	*37.3*	*38.7*	*26.2*	*113*	35.7	79	59	*249*	*70*	75	*780*	95
April	88.9	89.8	90.2	83.1	89.9	92.9	*1.68*	*2.84*	*2.01*	*37.4*	*37.8*	*27.7*	*114*	*36.0*	*88*	*61*	*241*	*69*	*73*	*782*	*94*

See notes, page 43, for changes to this table. (a) See *National Institute Economic Review*, January, 1959, page 32.

Table 21. Gold and foreign exchange reserves (a)

$ billion

	Industrial countries											Primary producing countries									
	Total	U.S.A.	Canada	U.K.	Continental O.E.E.C.	Western Germany	France	Italy	Netherlands	Belgium	Japan	Total	Sterling area countries	Australia	New Zealand	India	Pakistan	South Africa	Malaya	Oil producers	Latin America excl. Venezuela
1954	38.99	21.79	1.95	2.76	11.42	2.64	1.37	1.04	1.28	1.03	0.74	10.73	4.84	0.94	0.24	1.78	0.33	0.42	0.40	0.89	2.52
1955	40.03	21.75	1.91	2.12	12.87	3.08	2.08	1.24	1.28	1.13	0.77	10.64	4.48	0.67	0.18	1.79	0.37	0.37	0.48	1.02	2.62
1956 I	40.39	21.77	1.88	2.28	13.00	3.21	1.97	1.24	1.29	1.18	..	10.16	4.35	0.61	0.19	1.81	0.39	0.34	0.49	1.01	2.86
II	40.76	21.87	1.91	2.39	13.10	3.59	1.79	1.29	1.21	1.18	..	10.31	4.36	0.61	0.26	1.68	0.39	0.32	0.48	1.16	2.92
III	41.31	22.03	1.92	2.33	13.52	4.00	1.66	1.36	1.14	1.18	..	10.13	4.18	0.64	0.24	1.54	0.37	0.32	0.48	1.27	2.78
IV	41.08	22.06	1.94	2.13	13.40	4.29	1.36	1.31	1.07	1.14	0.94	11.02	4.25	0.71	0.19	1.36	0.37	0.37	0.46	1.53	2.53
1957 I	41.16	22.41	1.93	2.21	13.32	4.50	1.26	1.30	1.04	1.06	0.74	11.15	4.42	0.87	0.21	1.35	0.38	0.38	0.45	1.48	2.77
II	42.02	22.73	1.95	2.38	13.97	4.89	1.23	1.35	1.02	1.06	0.51	11.19	4.16	1.03	0.27	1.20	0.33	0.35	0.44	1.82	2.68
III	41.95	22.76	1.90	1.85	14.49	5.76	0.83	1.43	0.92	1.03	0.46	10.78	4.05	1.06	0.24	0.99	0.29	0.30	0.44	1.93	2.43
IV	42.67	22.86	1.84	2.27	14.68	5.64	0.78	1.53	1.06	1.13	0.52	10.36	3.86	1.05	0.14	0.87	0.29	0.29	0.43	1.95	2.36
1958 I	43.09	22.49	1.88	2.77	14.81	5.56	..	1.61	1.24	1.21	0.63	9.80	3.71	1.03	0.12	0.81	0.32	0.25	0.42	1.76	2.10
II	42.87	21.41	1.93	3.08	15.61	5.83	..	1.71	1.29	1.35	0.72	9.39	3.46	0.98	0.14	0.70	0.28	0.22	0.42	1.80	1.99
III	42.74	20.93	1.90	3.12	16.79	6.10		2.05	1.34	1.42	0.76	*9.36*	*3.15*	0.90	0.16	0.63	0.23	0.25	0.42	1.60	*2.10*
October	..	20.74	1.93	3.17	..	6.14	..	2.14	1.38	1.45	..		..	0.88	0.17	0.62	0.24	0.27	0.42	1.77	
November	..	20.65	1.94	3.22	..	6.22	..	2.22	1.40	1.45	0.81		..	0.89	0.18	0.63	0.26	0.28	0.43	1.68	
December	43.04	20.58	1.95	3.07	17.44	6.32	*0.97*	2.32	1.49	1.48	0.86		*3.33*	0.91	0.19	0.64	0.26	0.32	0.44	*1.51*	
1959 Jan.		20.53	1.91	3.11		6.10	1.09		1.52	1.43	0.87			0.91	0.18	0.65	0.26	0.31	0.42	*1.57*	
February		20.52	1.90	3.16		6.02	*1.20*		1.43	*1.39*	0.94			0.91	0.19	0.69	0.26	0.33	0.43		
March		20.49	1.90	3.14		5.63			1.42		0.97				0.22	0.70	0.26				
April		*20.26*		3.25																	

NOTES ON STATISTICAL APPENDIX

GENERAL NOTES

Country groups

The following country groups are used ; they include all the countries listed against them, unless stated otherwise.

Industrial countries : USA, Canada, UK, Continental OEEC, and Japan.

North America : USA and Canada only.

OEEC : Austria, Belgium-Luxembourg, Denmark, France, Western Germany, Greece, Iceland, Irish Republic, Italy, Netherlands, Norway, Portugal, Sweden, Switzerland, Turkey, UK.

Continental OEEC : Excludes sterling area countries—Irish Republic, Iceland, and UK.

Western Europe : Continental OEEC and Spain, Yugoslavia and Finland.

Primary producing countries : All countries not included as industrial countries above, except for Eastern area, Spain, Yugoslavia and Finland.

Overseas sterling area : The British Commonwealth (except Canada), British Trust Territories, British Protectorates and Protected States, Burma, Irish Republic, Iraq, Iceland, Jordan, Libya, Muscat and Oman.

Latin America : Central America, including Mexico but excluding the Panama Canal zone, and South American countries excluding European possessions.

Other primary producing countries : All primary producing countries outside the overseas sterling area and Latin America ; these are mainly Middle and Far Eastern countries and the overseas possessions and related territories of Continental OEEC countries.

Eastern area : Albania, Bulgaria, Czechoslovakia, Eastern Germany, Hungary, North Korea, North Vietnam, Poland, Roumania, Union of Soviet Socialist Republics, and the People's Republic of China.

Valuation of imports and exports

Imports are valued c.i.f. and exports and re-exports f.o.b. unless otherwise stated.

NEW OR REVISED SERIES

(*Full definitions and explanations were given in the National Institute Economic Review, number* 1, *January* 1959, *pages* 51–54. *An article on pages* 36–38 *of that number explained the figures in table* 11 *for stock changes of imported commodities, and an article on pages* 32–35 *explained the NIESR price index numbers in table* 20. *The notes on page* 53 *of the March* 1959 *issue of the Review described revisions or new figures in that issue ; the notes below describe some further revisions.*)

Tables 1, 4, 5 and 6. Gross domestic product ; prices, wages, profits and other costs ; personal income and expenditure

Revisions to official national income and expenditure estimates, in particular to food consumption, have made a large number of small changes necessary in these tables.

Table 7. Fixed investment

This table has been revised to incorporate revisions to official statistics of capital expenditure. Estimates of manufacturers' capital expenditure in 1957 have now been adjusted by the Board of Trade to conform to the provisional results of the Census of Production for that year, and those for 1958 now incorporate returns from additional firms. (*Board of Trade Journal*, 24 April 1959.)

The table now shows seasonally corrected capital expenditure by sector (in place of earlier estimates which showed an incomplete allocation) derived from new official figures (*Economic Trends*, April 1959.)

Table 10. Finance

As from the beginning of 1959, the figure for changes in London clearing banks' advances exclude all items in transit ; previously they excluded items in transit for Lloyds Bank only.

Table 16. World industrial production

Series for Canada and Japan have been revised. The new Japanese series begins in 1953 and was linked to the old one ; it now includes gas and electricity.

Table 17. The United States

First quarter gross national product components have been deflated by NIESR by applying the implied overall price change to each individual series.

Table 20. Commodity prices

From February 1, 1959, the wheat price is a quotation for wheat in store at Fort William for ocean loading, for shipment by the St. Lawrence seaway.

Table 21. Gold and foreign exchange reserves

From February 1959, in the Netherlands, the net bilateral claims on other EPU countries arising from the liquidation of the EPU are considered to be Government assets and are not included in the Bank's holdings.

The Japanese figures have been revised to exclude open accounts balances.

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